FINANCIAL TIMES

PUBLISHED IN LONDON AND FRANKFURT

No. 28,109 Tuesday March 4 1980 ***20p

CONTINENTAL SELLING PRICES: AUSTRIA Sch 18; BELGIUM Fr 28; DENMARK Kr 4.25; FRANCE Fr 4; GERMANY DM 2.0; ITALY L 700; NETHERLANDS Fl 2.0; NORWAY Kr 4.25; PORTUGAL Esc 35; SPAIN Pts 70; SWEDEN Kr 3.75; SWITZERLAND Fr 2.0; EIRE 20p; MALTA 20c

NEWS SUMMARY

GENERAL

Athletes reject Moscow boycott

Seventy-eight leading British athletes have rejected requests by the Government to boycott the Moscow Olympics.

Their rejection, which is also a serious blow to U.S. President Jimmy Carter's hopes of wide-spread support for his boycott campaign, was announced by International Athletes Club secretary Derek Johnson.

He said the club was seeking the permisison of the International Olympics Committee to send a team to Moscow if the Government or the British Olympics Association enforced a boycott. Parliament, Page 10

Lamb curbs move

The EEC Commission has proposed that France should immediately drop its illegal curbs against British lamb imports and that £20m from the farm fund should be shared between the main sheep producers, France, Britain and Ireland. Back Page

Police quizzed

Six City of London policemen were being questioned about the disappearance of property from a shop to which police were called after a break-in. A number of people are expected to appear in court today.

Kennedy test

Senator Edward Kennedy campaigned furiously for today's Democratic Party Presidential primary in his home state of Massachusetts, knowing that he has to beat President Carter convincingly to maintain his White House chances. Page 4

Nuclear decision

France is to supply weapons-grade nuclear fuel for the controversial experimental reactor it is constructing for Iraq.

Afghanistan plan

Britain's Ambassador Sir Curtis Keeble called at the Soviet Foreign Ministry to outline details of a Western plan for the neutralisation of Afghanistan.

Dutch Minister

The Dutch Government named Mr. Fons van der Stee, as its new Finance Minister.

Docks' setback

The Port of London Authority is to transfer cargo handling operations out of the India and Millwall Docks, keeping just the Royal Docks, the other upper docks system, open. Back Page

Thai Premier

Thailand's army commander, General Prem Tinsulanond, was chosen by Parliament as the country's next Prime Minister, keeping political leadership firmly in military hands. Page 3

Palestine appeal

France and Kuwait issued a joint communique calling for the self-determination of the Palestinian people as President Giscard d'Estaing flew to Bahrain to continue his tour of Gulf states. Page 2

Hostage visit

The United Nations commission hearing Iranian grievances against the deposed Shah said the Revolutionary Council had authorised it to see all the hostages at the U.S. Embassy in Tehran. Page 3

Briefly . . .

Eight people were killed in El Salvador as Left-wing and Right-wing groups continued battling for supremacy.

IRA claimed responsibility for the weekend shooting of British soldier Stewart Leach in Munster, West Germany.

Two English climbers were killed in a fall on Lochnagar mountain, Aberdeenshire.

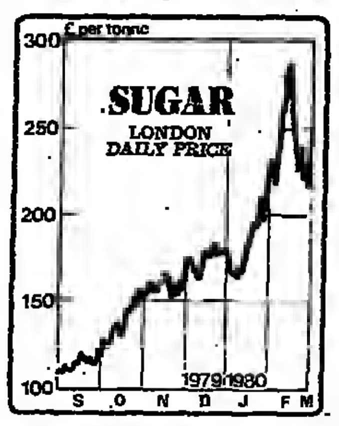
BUSINESS

Rally in sugar; equities weaker

● **EQUITIES** eased following publication of a batch of gloomy economic forecasts at the weekend and the FT 30-share index fell 3.6 to 463.5. The Gold Mines index lost 2.5 at 375.4.

● **GILTS** weakened on rising international interest rates and expectations of tight credit, although earlier losses in mediums and longs were reduced to ¼ and less. The FT Government Securities index shed 0.15 to 64.80.

● **SUGAR** rose sharply and the London daily price rose £28 a tonne to £250 on reports of Cuban crop damage. Page 33



● **DOLLAR** rose against most currencies except the Japanese yen. Despite Swiss and German central bank support, it closed at DM 1.7830 (DM 1.7765) and SwFr 1.7140 (SwFr 1.7020). Its index was unchanged at 86.6. **STERLING** fell 3.1 cents to $2.2420 ($2.2730) and its index fell to 72.6 (73.2).

● **GOLD** lost $3 at $637.50 in London.

● **WALL STREET** was 2.22 lower at 860.92 shortly before the close.

● **LITTLE GROWTH** in European demand for imported oil over the next decade is predicted by London consultants Chem Systems International. Page 9

● **ALGERIA'S** State oil and gas company has announced that it is doubling its contract price for liquefied natural gas from $3 to $6 per million BTUs with retroactive effect from January 1. Page 2

● **COAL INDUSTRY** faces a difficult year, says Sir Derek Ezra, NCB chairman, because of the steel strike, mild weather and lower power consumption. Page 6

● **LEYLAND VEHICLES'** new T45 lorry range is being given a £1m launch today. Back and Page 7

● **PROSPECTS** are not good for an agreement by the Brussels Commission to give financial backing to British Steel's early retirement plan, which could help settle the steel strike. Back Page

● **TAKEOVER** of Marathon Shipbuilders' rig-building yard at Clydebank by France's Union Industrielle d'Entreprises has run into last-minute problems. Page 6

COMPANIES

● **SOUTH AFRICA** has ordered an official inquiry into alleged monopolistic practices by its explosives industry, dominated by AECI in which Britain's ICI has a 40 per cent stake. Page 29

● **CIBA-GEIGY**, the Swiss pharmaceuticals group, reported operating profits 9 per cent lower last year at SwFr 327m (£86m) although turnover at SwFr 937m was only SwFr 5m less than in 1978. Page 28

● **FISONS** annouoces a 25 per cent fall in 1979 pre-tax profits at £17.3m (£23.1m) due mostly to industrial disruption and bad weather in the first half but partly to the strong pound affecting exports. Page 24 and Lex Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

British Sugar	153	+ 5
Caktors A	63	+ 11
Catalin	76	+ 10
Foster Brothers	98	+ 6
Furness Withy	390	+ 10
Maple	31	+ 6
Mills and Allen	310	+ 18
More O'Ferrall	122	+ 12
Needlers	44	+ 2½
Newmark (Louis)	350	+ 15
Royal Insurance	342	+ 7
Stanhope Gen.	200	+ 15
Victor Products	164	+ 14
W'hampton Dudley Breweries	312	+ 5
Assam Invs.	128	+ 6
Geevor Tin	230	+ 5
Lennard Oil	118	+ 13
Monarch Petroleum	47	+ 5
Pacific Copper	246	+ 10
West Rand Cons.	432	+ 58

FALLS

Assd. Newspapers	300	− 6
Barclays Bank	438	− 7
Fogarty (E.)	80	− 8
GKN	262	− 6
Meyer (Mont. L.)	114	− 5
Midland Bank	355	− 7
SA Breweries	138	− 5
Tube Invs.	294	− 6
Unilever	442	− 8
Mangula	130	− 10

Mugabe seems set for substantial election victory

BY MICHAEL HOLMAN IN SALISBURY

Mr. Robert Mugabe, who returned to Rhodesia from a five-year exile only five weeks ago, appeared last night to be heading for a substantial victory in the General Election.

Predictions of the number of seats Mr. Mugabe's ZANU-PF Party might win in the 100-member Assembly varied widely. But unofficial reports from the eight provincial centres where counting was taking place gave him between 38 and 52 of the 80 black seats.

The Patriotic Front of Mr. Joshua Nkomo was thought to be running at between 16 and 22 seats, with Bishop Muzorewa's United African National Council placed a very poor third.

Mr. Mugabe would need 51 seats to gain an overall majority of black and white seats.

The size of his apparent victory will surprise most white Rhodesians, who had hoped that Bishop Muzorewa would at least occupy a prominent position in the new Government.

Salisbury and other main centres remained quiet last night.

Gen. Peter Walls, Rhodesian Army commander, joined Lord Soames, the Governor, and Mr. Mugabe in a national broadcast appeal for calm and reconciliation.

Gen. Walls said that Rhodesian security forces as well as those of the guerrillas should now consider themselves "soldiers of the peace which we hope will return to our land."

Old hatreds and bitterness should be forgotten, he said, appealing to "all our people" not to let emotion, fear or recrimination govern their actions in the next few days.

Any Rhodesian acting inside the law would be protected by the "forces loyal to the Governor," Gen. Walls said, but "anyone who gets out of line will be dealt with effectively and swiftly."

The results will not be published until 9 a.m. today, local time. Predictions are thus not based, as they would be in British elections, on early results, but on unofficial estimates of the counting, which is being supervised by British officials and by about 100 international observers.

The precise number of seats Mr. Mugabe wins is of critical importance when Lord Soames decides in the next few days whom to call upon to form the new Zimbabwe Government.

Lord Soames is constitutionally obliged to appoint as Prime Minister "the person who in his opinion is best able to command the support of the majority of the House of Assembly." If Mr. Mugabe wins 51 or more of the 80 black seats Lord Soames will have no alternative but to appoint him Prime Minister.

If Mr. Mugabe gets less than 51, in theory Lord Soames can choose one of the other political leaders to head a coalition Government, not necessarily excluding members of ZANU-PF, but also comprising the Patriotic Front, the UANC and the 20 members of the white bloc led by Mr. Ian Smith, the former Premier.

In his broadcast last night, during which he appealed to all Rhodesians to be calm "whether you are jubilant or disappointed by the result," Lord Soames indicated that his own preference would be for "a broadly-based Government capable of achieving reconciliation and overcoming the divisions of the past."

Private consortium plans £650m Channel tunnel

BY LYNTON McLAIN

A PRIVATE sector scheme challenging the British Rail/French Rail proposal for a £650m Channel tunnel is to be launched by an Anglo-French-Dutch-German consortium in two weeks' time.

The European Channel Tunnel Group of four civil engineering companies said yesterday it will send a formal recommendation to the governments of Britain, France, Holland and West Germany before March 18.

This will be the first private scheme to be submitted formally, although there are at least another eight private schemes being considered in outline by the European Commission. The Anglo-French rail project has also been submitted formally.

Mr. Norman Fowler, Transport Minister, is expected to make a statement in the House of Commons on March 19 about his initial response to the two railways' proposal following a report from Sir Alec Cairncross, the Government's adviser on the plan.

The European Channel Tunnel Group is made up of Costain Civil Engineering of Britain, which recently built a big tunnel in Hong Kong; Royal Bos Kalis Westminster, a large Anglo-Dutch company based in Dordrecht; and Spie Batignolles of France and Philipp Holzmann AG, of Germany, two of Europe's largest civil engineers.

The group's report and recommendations about the type of tunnel that should be built will also be sent to the European Commission in Brussels. It is expected to favour a rail tunnel.

The EEC may provide up to 20 per cent of the capital cost of a fixed link across the Channel, provided that a fund for major transport projects—which could have assets of £21bn—is agreed by the European Parliament.

The commission is hoping that a separate transport infrastructure fund can be written into the EEC budget before the summer.

This would provide the legal statutory basis for spending money on transport projects.

Money from a transport fund may be used to help reduce Britain's net contributions to the EEC. A British team, led by Sir Michael Palliser, Permanent Under-Secretary at the Foreign Office, will be in Brussels this week for talks on ways of spending more EEC money in Britain.

However, the timescale for cuts required by Mrs. Margaret Thatcher, in the 1980-81 financial year starting on April 1 rules out a Channel link as a way of cutting the contribution next year. No work is likely to start on a link until 1982 at the earliest, even in the unlikely event of approval being given this year.

The European Channel Tunnel Group was formed originally as the Channel Tunnel Island Group in 1978 with Costain and the Royal Bos Kalis company. Spie Batignolles and Philip Holzmann AG joined the consortium last year.

Editorial comment and Men and Matters Page 22

W. Europe to buy Nigerian gas

BY ROGER BOYES IN BONN

A GROUP of leading West European gas distributors has reached a major 20-year agreement with Nigeria providing for the annual supply of 8bn cubic metres of liquefied natural gas (LNG) at an estimated investment cost of $10bn (£4.39bn). In 1978 43.7bn cubic metres of natural gas were consumed in the UK.

Executives of Ruhrgas, West Germany's main gas distributor, in which British Petroleum has a 25 per cent stake, said yesterday that the Nigerian company, Bonny LNG of Lagos, had agreed to supply the liquefied gas from 1984-85. Construction work is expected to begin next year on a treatment and liquefaction plant. A further 8bn cubic metres will be supplied annually to U.S. gas distributors.

About 16 LNG tankers—each with a capacity of about 130,000 cubic metres—would be required, the company said. The European consortium comprises Gaz de France, SNAM (Italy), Ruhrgas, Distrigas (Belgium), Gasunie (Holland), Beb Brigitta (Germany), Enagas (Spain) and Thyssengas (Germany).

The German companies will take 2.3bn cubic metres of the annual delivery. Bonny LNG's major shareholders are the Nigerian National Petroleum Corporation, Shell, BP, Phillips, Agip, and Elf Aquilaine.

For West Germany, the agreement means a considerable commitment to natural gas for its energy requirements: natural gas now accounts for about 15 per cent. Germany has been hesitant about concluding LNG deals, principally because of the heavy investment costs.

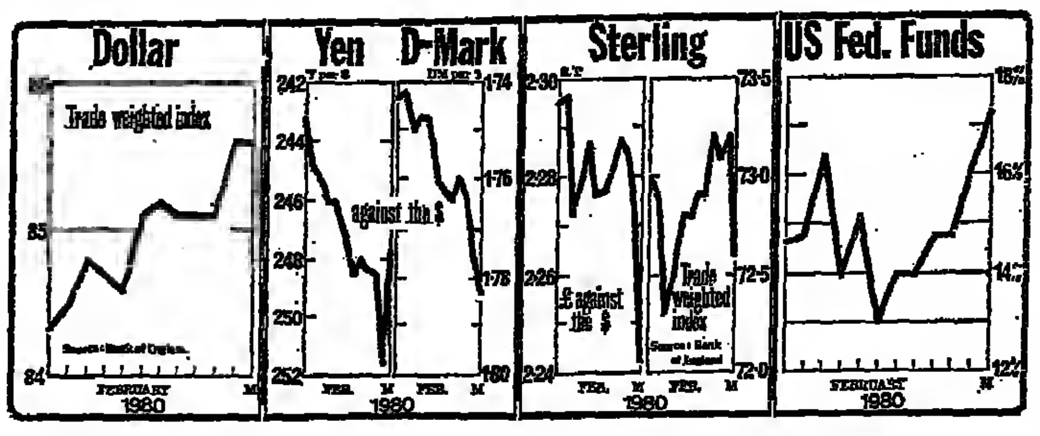
West German experts have been divided about the full benefits of LNG. Transportation costs are regarded as several times higher than the equivalent costs of carrying crude oil to Europe.

LNG offers Germany three main advantages. First, the calorific value per tonne is about 20 per cent higher than for crude oil. Second, it is cheaper than gas made from coal, in which Bonn has recently invested about DM 13bn (£3.2bn).

But the final and crucial advantage of LNG appears to be that it is politically less vulnerable than importing natural gas by pipeline from such countries as Iran and the Soviet Union.

CONTENTS

For latest Share Index 'phone 01-246 8026



Sterling falls 3c as U.S. interest rates aid dollar

BY DAVID MARSH IN LONDON AND RICHARD C. HANSON IN TOKYO

STERLING FELL more than 3 cents yesterday as the dollar, buoyed by higher U.S. interest rates, turned in its strongest showing for several months on European foreign exchange markets.

The yen rallied slightly after Sunday's package of support measures announced by the Japanese Finance Ministry.

The West German, Swiss and Japanese central banks intervened strongly to brake the dollar's rise, selling an amount estimated at more than $1bn.

By helping boost import prices, the dollar's firmness has been a major factor behind accelerated inflation in all three countries in recent months.

This in turn has prompted the series of defensive interest rate increases in the past fortnight in Europe and Japan, as well as the weekend measures to support the yen.

The round of international interest rate tightening continued yesterday with U.S. interbank rates measured by the Fed funds rate rising to 17¼ from 16½ per cent on Friday.

The dollar's renewed rise came in spite of last week's increase in West German and Swiss discount and Lombard rates.

Sterling's fall, to $2.2420 from $2.2730 on Friday, took it down to its lowest level since early January. The drop came fairly late in the day, and the Bank of England is not thought to have intervened significantly.

With the dollar strong internationally, the UK authorities may be relieved at the fall, which will ease competitive difficulties faced by exporters. Sterling's trade-weighted index closed at 72.6, against 73.2 on Friday.

The yen was the only major currency to rise against the dollar, which closed in London at Y247.8 against Y251.6 on Friday.

The dollar rose to its highest level against the D-mark since the mid-November freezing of Iran's dollar assets, climbing to DM 1.7830 from DM 1.7765.

Against the Swiss franc it closed at its highest since last June at SwFr 1.7140 (1.7020).

Ups and downs of the yen Page 2
Editorial comment Page 22
Money markets Page 31

Saudis to spend £115bn in five-year plan

BY JAMES BUXTON

SAUDI ARABIA, the world's leading oil exporter, is planning state spending in the region of £115bn, over the next five years, which promises to maintain the country as a major source of business for developed countries at a time of general recession elsewhere.

Mr. Mohammed aba al Khail, Saudi Minister of Finance, said the total allocation for the kingdom's third five-year plan, which should be published in May, would be "a bit more than 900bn riyals."

Most of Saudi Arabia's big infrastructure projects are complete or fairly advanced, except for work on the industrial complexes at Jubail and Yanbo. Together with the hydrocarbon-based ventures there in partnership with foreign concerns, they are expected to absorb a large proportion of spending.

Other priorities will be manpower training, urban improvement, rural development and social services, according to available information.

Mr. Aba al Khail said Saudi Arabia would spend a record SR200bn (£25.8bn) in the financial year ending in May, but will still have a small surplus. This will mean a 36 per cent increase over the SR147bn disbursed in 1978-79 when spending exceeded revenue by SR14bn.

Expenditure in 1979-80 has been raised from the originally projected SR160bn by supplementary allocations.

Annual expenditure over the 1980-85 period will be at about the same rate as this year and could mean a very large surplus if oil production is maintained at a high rate.

No increase in real terms in the high current rate of spending is envisaged. But the projected figure should allay fears that the Saudi Government is contemplating a cut.

Mr. Aba al Khail declined to discuss oil production rates but the kingdom is known to want to bring output back to the "official" ceiling of 8.5m barrels a day from the present 9.5m b/d this when market conditions are right for consumers. The Government has not yet indicated what its policy will be for the second quarter of 1980.

Revenue this year will be about SR 220bn if there is no further increase in oil prices over the next two months.

The kingdom wants to keep spending in check, mainly to limit dependence on expatriate

Continued on Back Page

£ in New York

—	Feb. 29	Previous
Spot	$2.2580-2600	$2.2815-2830
1 mth	0.46-0.41 dis	0.50-0.45 dis
3 mths	0.96-0.90 dis	1.04-0.98 dis
12 mths	2.65-2.55 dis	2.60-2.70 dis

Tugendhat calls for reform of EEC budget

By John Wyles in Brussels

MR. CHRISTOPHER TUGENDHAT, the EEC's Budget Commissioner, yesterday made a toughly worded call for fundamental reforms of the EEC's budget procedures, allied to stricter political curbs on agriculture ministers' pricing decisions.

With EEC farm ministers currently showing every likelihood of boosting common farm prices by more than the 2.4 per ceot proposed by the Commissioo, Mr. Tugendhat's remarks, delivered in Hamburg, underline a concern that too littla will be done too lats to halt the Community's drift into a financial crisis.

He argued that it would be an "abdication of responsibility" to allow the Community to run out of mooey, as it probably would do next year if agriculture costs continue to grow at the 17 per cent annual rate of the past five years.

Speaking to the Institute for World Economic Research, Mr. Tugendhat outlined three proposals aimed at curbing rising farm costs and re-orieoting the Community's spending into other areas which last year received a modest 25 per cent of the EEC's total budget.

First the budget year, which is the calendar year, and the agricultural year, which runs from April 1, sbould be made to coincide. This ides emanates from the EEC's ordeal followiog last December's rejection by the European Parliameot of the 1980 budget.

Present indicatioos are that the Parliament wants to see the implications of the sgriculture mioisters' decisions on prices and cutting the costs of surpluses before endorsing new proposals.

At the same time, said Mr. Tugendhat, the Community needs institutional changes so that "those with a broader view of Community policies" than agriculture ministers become more involved in agriculture policy making.

Finally, the Community ought to consider amending article 201 of the Treaty of Rome, so that the Parliament has revenue raising powers in addition to its powers over expenditure.

French steel plant on strike

By Giles Merritt in Paris

WORKERS AT Usinor, France's largest steelmaker, have gone oo strike at the Neuves-Maisons complex in eastern France in a dispute over pay. The Communist-backed CGT trade union has threatened that the strike could spread throughout the Usinor group, which accounts for over 40 per cent of French steel output.

Followiog blast furnace workers' decision last week to follow the strike call launched jointly by the CGT and the Socialist CFDT trade union, the integrated Neuves-Maisons complex, employing 3,200 meo, has virtually ceased production.

Amsterdam riot

TROOPS and police yesterday used tanks and armoured personnel carriers to clear barricades thrown up by protesting squatters in central Amsterdam. Dozens of police and rioters were injured in street battles which continued for much of the morning. Charles Batchelor reports from Amsterdam.

MOVE TO STRENGTHEN NATO'S SOUTHERN FLANK

German aid for Turkey, Portugal

BY ROGER BOYES IN BONN

WEST GERMANY has stepped up its armaments aid to Portugal as part of the West's strategy of strengthening NATO's southern flank in the wake of the Sovist iovasioo of Afghanistan.

Bono is also intensifying its efforts to ease Turkey's economic problems. Herr Hans Matthoefer, the Finance Minister, has flown to Washington for talks on raising the U.S. contribution to an international aid package which he is co-ordinating. Bono would like the U.S. to match its own contribution to the package, but there are doubts whether this can be dooe in the current fiscal year.

Prince Saud Al Faisal, the Saudi Foreign Minister, arrived in Bonn yesterday for talks with Herr Hans Dietrich Genscher, the German Foreign Minister, over the possibility of a Ssudi credit to Turkey.

The Defence Ministry meanwhile has received Government approval to supply free of charge 12 G-91 fighters—worth about DM 360,000 (£89,720) each—to Portugal, with provision for spare parts. The G-91s are being drawn from German air force stocks.

Officials stress that Germany's defence effort will not he weakened, as the fighters have been oudated by the Franco-German ground support Alphs-jet. Further G-91s will become availsble as the some 170 Alphs jets are takeo into service over the next few years.

Turkey's economic troubles are slso dogging the already controversial AWACS (Airborna Warning and Control System) air radar programme. Ankara hss told German officials thst it will be able to pay only the DM 32.3m originally earmarked for the scheme, and not an extra inflation component which is expected to amount to DM 21m.

The Germans mey incorporste this amount in a special supplementary budget which is beiog introduced largely to cope with the extra cost of military aid.

The AWACS programme has sparked off considerable tension between the allies and between Bonn and Washington. The problem is the immense cost of the programme, which is aimed at creating an airborne radar umbrella over Western Europe, giving early warning of Warsaw Pact movements.

Bonn and Washingtoo agreed in 1978 to shoulder nesrly two-thirds of the nearly $2bn programme—but Bonn has been concerned that the U.S. has not placed the agreed orders with Gsrmsn industry which were supposed to offset the cost of Bonn's participstion.

Herr Matthoefer

Italian Minister in party funds scandal

BY PAUL BETTS IN ROME

ANOTHER major political storm has broken in Italy, further threstening the minority Government of Sig. Fanncesco Cossigs. A Cabinet Minister bas admitted accepting money from a Rome property snd construction tycoon to finance the Minister's activities in the ruling Christisn Democrst Party.

Sig. Franco Evangelisti, the Merchant Nsvy Minister and s close colleague of Sig. Ginlio Andreotti, the former Christian Democrat Premier, alleged in a newspaper interview that other Christiso Democratic Party factions and a number of other Italian political parties hsd been financed by Sig. Gaetano Caltagirone, the Rome building magnste.

Although Sig. Evangelisti claimed he would resign immediately if he thought he hsd behsved improperly, his statements have provoked s major scandal. Sig. Gsetano Caltsgirooe, together with Francesco and Camillo, his two brothers, currently fsces charges of fraudnleot hankruptcy.

Arrest warrants were issued against them last month, hut the Caltagirone brothers — a family of Sicilian origin — are reported to hsve fled Italy at ths ssme time as liquidstion proceedings started sgainst 19 companies controlled by them.

The collapse of the Caltagirooe property empire could entail losses to the Itallan banking system of more than L600bo (£320m).

Sig. Cossiga is to answer questions on the affair in Parliament on Friday.

Since tha introduction of legislation for the public financing of political parties in Italy in 1974, parties are no longer supposed to sccept funds from private sources. Whils it bas heen generally assumed thst parties hsve continued to receivs private funds, Sig. Evangelisti's remarks are the first major public admission of the practice.

For its part, the Christian Democrst Party leadership issued a firm denial of any irregular practices claiming it hsd oever received funds from the three brothars.

Judicial investigations into the Caltigirone affair led to a major inquiry into Italcasse, Italy's centrsl savings institute, whose former management was charged with irregular operations to help finsnce political parties, especially the Christian Democrats.

Rising inflation in West Germany

BY OUR BONN STAFF

THE West German cost of livlog rose sharply by 0.5 per ceot last month to indicate an aooual rate of 5.5 per cent—a clear percentage poiot sbove last year's February rate.

But federal statistics office officials believe that special factors artificially depressed the January figure snd thus exaggerated the month-oo-month locrease. For example, the Post Office's telephone divisioo—which made a large profit last year—gave a one-off reduction of telephone dues in January.

The German infistioo rate passed 5 per cent last September and the trend since then bas beeo considerably higber, much to the slarm of the Bundesbank (Ceotral Bank), the Governmeot and unioolsts who are locked in wage oegotiations. The roots of the iocrease are higher oil and raw material costs, coupled with an unusually low comparative base.

The overall inflation rste last year was 4.1 per cent and the Government bas forecast an increase to 4.5 per cent this year. But the powerful Public Service Union considers this estimate to be too low and has put in s claim for a 9 per cent wage increase

Norway tax plan puts gas development at risk

BY FAY GJESTER IN OSLO

TWO MAJOR oil companies have said they will postpone development of msrginal gasfields in Norwsy's part of the North Sea, because new Norwegian oil tax proposls could make the fields unprofitable.

The proposals, which are being discussed with the oil companies, may be modified before being submitted to the Storting (parliament) later this month. As they stand, the proposals would increase the state's take from offshore oil and gss production to an average of 80 to 85 per cent compared with about 70 per cent now.

The two fields whose future is in donbt are North East Frigg, where Elf Aquitaine is the operator, and Odin, where Esso is the operator and sole licensee. Both schemes were due to be started shortly, for completion in the first balf of the 1980s. North East Frigg, containing an estimated 9bn cubic metres of gas, was scheduled to come on stream in 1983, and Odin, with estimated reserves of 23bn cubic metres, by 1984.

Mr. Frederic Isoard, Elf director, said development of North East Frigg might well be dropped completely.

Polish bishops make pre-election call for pluralism

BY CHRISTOPHER BOBINSKI IN WARSAW

POLISH BISHOPS bave called for political pluralism and for a dialogus between rulers and ruled based on freedom and truth to solve the country's problems.

The call came in a communiqué issued after a two-day meeting of the bishops' conference which ended bere last week.

In another developmeot at the weekend, the Znak group of Catholic deputies protested at the small oumber of deputies representing Catholics in Parliament. The authorities were victimising them by not increasing the five seats allotted them in the last 460-member Parllament, it added.

Lists of candidates for elections scheduled for March 23, published on Saturday, show thst Pax, the pro-Government Catholic group, bas gone up from five seats to six, snd the Christian Social Association, aoother conformist group, has gone up from two to five.

In their communiqué, the bishops said that finding ways of improving the situatioo should not be the concern "of only ooe grouping," s reference to the Communist Party, but "of all Poles, who ought to bavs the right and the freedom to act within their own associations."

In spparent support for the dissident groups, the bishops call on Poles to work to extend "the prerogatives of the existing organisations and to establish new authentic ones snd defend svery honest initiative which aims at s renewal of society."

The Znak deputies charge that the Front for National Unity (FJN), s Communist-dominated organisation which prepares the lists of candidstes for the elections, "is not ioterested in hsviog grester constructive participstion in public life by those Cstbolics who accept the general principles of the FJN, but retain the right to their own opinions and work together with the Polish bishops."

Znak also protests thst the FJN has not allowed Prof. Richard Bender, s historian and Znak deputy who sat in the last Parliament, to stand again.

The Zosk protest is a tsctical departure for the group, which op to now has relied oo privste persuasion combined with public support for the authorities to further its Christian democratic beliefs.

The protest and the hlshops' communique, wbicb will be read from church pulpits, are significant as they come before elections which normslly generate little interest among the populstion because of their predictable nature.

The authorities seem nervous shout the smooth running of the election. Harrassmeot of civil rights groups bas been stepped up and the numbers of sctivists being temporarily detained has risen.

Only the Confederation for an Indepeodeot Poland (KPN) has attempted to put up any candidates while the Social Self-Defence Committee (KOR) hss said that it will ignore the event. Another group is urging people not to vote.

Swiss expect decline in surplus

By John Wicks in Zurich

SWITZERLAND expects a further decline in its surplus on current account this year. The Governmeot's Commission for Economic Studies, which estimates that the surplus fell from SwFr 7.9bn (£2.1bn) in 1978 to rather more than SwFr 4bn last year, anticipates a drop to about SwFr 3bn in 1980.

This decline in the surplus to the lowest level since 1974 would result from e rise in the foreign trade deficit to above the SwFr 4.7bn registered last year.

Both imports and exports, like overall domestic demand, are expected to expand more slowly this year than in 1979. Initial estimates are for growth in real terms of 4 per cent in the import sector and 3 per cent for exports, and domestic demand rising by a price-adjusted 2.2 per cent.

Despite this general slowdown, gross domestic prodnct should rise by a real 1.5 per cent (1979: 0.5 per cent), and gross national prodnct should donble its growth rate to 1.4 per cent, says the Commission.

Rise in Dutch growth forecast

PARIS — Dntch real gross domestic product is expected to increase by abont 1 per cent in 1980 after 2.9 per cent growth in 1979, the Organisation for Economic Co-operation and Development said. It forecasts a 1980 current account deficit of aronnd $1.5bn ($£660m) littla changed from the 1979 and 1978 shortfalls which were both around $1.4bn.

The 1980 increase in Dutcb consumer prices is likely to approach 7 per cent, compared with 4.6 per cent in 1979, the OECD said. This forecast inclndes 1.5 percentage points attributable to increased household energy prices and the higher indirect taxes contained in the bndget.

Gross wages are expected to increase by abont 6.5 per cent on sverage during 1980, abont 1 per cent more than in 1979.

Planned growth of public employment will not be sufficient to match persisting labour supply increases and the unemployment rate is expected to edge higher again to average 5.5 per cent over the year compared with 5.25 per cent et the end of 1979. Reuter.

France backs self-determination for Palestinians

BY ROBERT MAUTHNER IN KUWAIT

FRANCE HAS taken its support for the Palestinian cause a significant step further by *subscribing to a joint communique* with Kuwait calling for the "self-determination" of tha Palestinian people.

The communique, which was issued at the end of the first stage of President Giscard d'Estaing's tour of the Gulf, Jordan and Saudi Arabia, was carefully drafted to make it clear that self-determinstioo should take place within the framework of a just and lasting Middle East settlement.

It was the first time thst the Freoch, who have long been in the vanguard of western nations in their attitude to the Palestinian problem, have used the word "self-detsrmination" in sn official document. Previously, France would go no further than *stating that the* Pslestinians bad the right to their own homeland.

By agreeing with the Kuwaitis thst the Palestinian issue was oot s problem of refugees, but thst of a people which, must be given the right to self-determinatioo, France has virtually given its approval to the eventual creatioo of an independent Palestinian stste.

Although the recognition of Israel's right to exist as a state was not spelled out, French *officials made it clear that this* was covered by the term "just and lasting peace."

In return for the French gesture on the Palestinian problem, the Kuwaitis agreed to take a much harder stand on the Soviet invasion of Afghanistan than they would normally have done in an official document.

The joint communique used the favourite French term "unacceptable" to describe Moscow's action and called for the immediate withdrawal of Soviet troops.

Another paragraph emphasised that the Gulf region should be kept outside international conflicts and that the security and stability of the area was *the sole responsibility* of the states located in it.

This statement was in line not only with the French Presideot's policy of insulating a growing number of states from the super-power blocs, but was also s clear reference to the increasing irritation felt by Gulf states at U.S. ettempts to involve them in joint defence operations.

Kuwaitis will supply French oil majors

BY OUR OWN CORRESPONDENT

FRANCE and Kuwait have concluded a framework agreement under which the two French oil majors, the stste-controlled Elf-Aquitaine and the privately owned Compagnie Française des Pétroles, will he supplied directly with crude by the Kuwait National Oil Company.

Up to now, the French oil companies have had to buy their Kuwaiti oil from two of the big international oil companies, BP and Shell, but the interoationals will suffer substantial cuts lo their supplies as the result of Kuwait's decision to reduce its production of crude by 25 per cent (from 2m harrels a day to 1.5m barrels a day) on April 1.

Though the French import only 4 per cent of their total oil requirements from Kuwait, it was nevertheless felt in Paris that France could not risk a reduction in supplies which might have occurred as the result of the cuts imposed on BP and Shell.

Neither the French nor the Kuwaitis were prepared to disclose details of the deal which has still to be completed by specific agreements between the industries of the two countries. It has oot been announced what quantities of oil France will receive.

At the same time Sheikh Ali Khalif al-Sabah, Kuwaiti Minister of Oil, has ruled out any agreement to sell oil to West European countries under long-term agreements at fixed prices.

An important feature of the Franco-Kuwait agreement is that it provides for co-operation on joint oil exploration ventures, petrocbemical projects and refinery techniques in both countries as well as in the rest of the world. It is understood that the Freoch oil companies will offer know-how and will send engineers and technicians to Kuwait to work on joint projects.

● The United Arab Emirates petroleum and gas reserves are far biggar than published figures indicate, Dr. Mana Said al-Otaiba, UAE Minister of Oil, was quoted as saying yesterday. He said oew discoveries were continually being made but gave no new estimates of total reserves. The latest official figure for oil reservea is 32.4bn barrels.

Algiers doubles gas price

BY GILES MERRITT IN PARIS

ALGERIA has informed Gaz de France, one of its largest European customers for liquefied natural gas, that it is doubling the contract price. Sonatrach, the state oil and gas company, has backdated the new price of $6 per million British Thermal Units to January 1.

Algerian LNG accounted for 12.4 per cent of all France's gss requirements last year and by 1985 Algeria's share of French gas needs is expected to double to 25 per cent. Sonatrach is also due to become the major outside supplier of LNG to Western Europe, once a series of long-term contracts with Italy, Belgium, Spain, Greece, Austria and Yugoslavia come into force between now and 1984.

The Algerians are expected to propose similar price increases to the Netherlands and West Germany, in line with Algeria's anxiety that its LNG should be priced on s par with crude oil.

M. Georges Marchais's support for the Soviet invasion of Afghanistan has brought him severe criticism, **David White** reports from Paris.

French 'revolutionary Eurocommunism' marches back to the Kremlin

THE FRENCH Communist Party is in the middle of a storm of its own making. The opening weeks of the year, marked by the party's support for Moscow over the Afghan crisis, already stand out as the most important landmark in its history since the Common Programme of the French left collapsed in September, 1977. The Freoch Communists, Western Europe'a second-biggest Communist movement, with 700,000 members and a regular 20 per cent of the national vote, have seldom been under such attack.

M. Georges Marchais, the party secretary-general, started it in a live television ioterview from Moscow on January 11 when, between threatening to leave the studio and accusing the stalwarts of France's state-owned television of being maoipulated by multinetionals, he expressed bis "understanding" for the Soviet invasion. As this stand has become more and more unpopular, so it has geined in conviction.

After brief hesitation and e mission to Kabul, the Communist-led CGT union, which represeots 2.4m French workers, took a similar position, cutting all its bridges to the other big unioos, headed by Socialists. Union organisers cannot recall such anti-Communist feeling since the Budapest uprising in 1956. M. Edmond Maire, leader of the number two union, the CFDT, said the Communist Party had just "ruined for a long time the chances of a united left-wing government."

The party has suffered in several ways. It has given the right a weapoo, lost political allies and credibility for its "Socialism in French colours," snd stirred internal quarrels. People talk of s crisis within the party. But the crisis, or st least a deep malaise, bas existed for some time, and could indeed be seen as the origin of the leadership's present strategy. By sppealing to basic loyalties it knows most members will rally round.

Those who doubted the genuineness of the party's association with "Eurocommunism," with the Italian and Spanish parties, may well feel vindicated oow. The liberal tendency began with condemnation of the invasion of Czechoslovakia and culmineted in the party's 22nd Congress four years ago, when it ditched the hallowed precept of "dictatorship of the proletariat" and declared its sutonomy from the Kremlin. Whet is left?

Some, like the liberal Commuoist intellectual M. Jean Elleinstein, say the party has moved eway from the "independent" camp of the Italian, Spanish, Belgian, Swedish and Japanese Communists to join the pro-Soviet, "proto-Communist" camp of tha Greek and Portuguese parties. But others believe M. Marchais is merely maneouvring. His recent tactics have been not to travel in a straight lioe, but in a zig-zag, which poiots to one camp but could just as easily change direction.

Relations with the Italian and Spanish Communists had already run into trouble over the French Communists' hostility to Spain joining the European Community. But M. Marchais is emphatic: "Eurocommunism exists, is alive and will stay alive," unperturbed by the "crocodile tears" of those who want to hury it.

The party has continued to criticise East bloc countries on democratic standards and on the treatment of dissidents — forcefully during last year's trials in Czechoslovakia, more mutedly after Dr. Andrei Sakharov's punitive internal exile. A new human rights crussde launched by M. Marchais, however, bypasses the East bloc almost completely, to focus on the crimes of "imperialism."

The party has always beld to the precept that Communism's record was positive, "the essential fact," as M. Marchais repeated the other day "is that the Socialist countries are developing, progressing." Eurocommunism remain psrt of world Communism and "cannot stem from a third path, impossible and unthinkable, between capitalism and socialism. Eurocommunism is revolutionary."

The vocabulary of revolution is back in vogue. A manifesto called "Loog Live the Revolution" was presented at a Young Communists' congress this month, and old slogans were brought out to revive spirits dampened after the Left's demoralisiog election defeat two years ago.

The move to put tha Communist house in order began last May. It has oow gone a decisive *step further*. This appears to reflect changes in the party's appraisal of its position, of which one can give no more than a conjectural outline.

● The breakdown of the Union of the Left has so far favoured the Socialists more than the Communists. By taking a more extreme position, the Communists could push the Socialists further to the right and take over opposition causes for themselves.

A clear-cut policy, even if some do not like it, helps restore the party'a identity.

A further aspect is the party's assessment of the seriousness of the Socialist-Communist breakdown. It bas really only two potential allies, the French non-Communist left and Moscow. It is not ready to eschew both et the same time.

● The West's economic crisis, in the party's view, is dire. The Communist movement should show itself able to take the challenge, but in Europe it is bogged down. The party therefore looks to where Communism is scoring successes, in the advance by the Soviet Union and its allies (Vietnam) in Asia. The party is associating itself with that advance, rather than cutting itself off in a rival "pole" of Communism in Enrope.

● A third level on which there may have been changes is that of alliances within the party lesdership. In the last congress, M. Marchais gained the upper hand over M. Roland Leroy, the hard-line director of the party newspaper L'Humanité, who was manoenvred out of the Ceotral Committee Secretariet, the party's top body. But internal tronbles may have given the hardliners the chance to reassert themselves.

Serious problems exist among the party's intellectuals, torn between loyalty and desire for either e purer doctrinal base or more open-minded and adventurous leadership. But the party has an almost legendary capacity for self-discipline. At a meeting of intellectuals earlier this month, M. Marchais was applauded, and hardly a dissenting noise was heard.

The party is very much for industrial workers. Union allegiance parallels union allegiance to the British Labour Party. Middle-class sympathisers and academics have never played the central role they have in, for instance, the Italian party.

M. Marchais, although be has personal enemies and in the eyes of some an unsatisfactory war record (he was drafted to s factory in Germsny) appeals to militant workers because he is patently one of them. His blustering manner, café speech and wicked sarcasm set him apsrt from othar French leaders.

In one carefully staged television sppearance he described the split with the Socialists and how he was on holiday in Corsica watching a broadcast by the Socialist leader. "I told my wife: 'Françoise Mitterrand has decided to abandon the Common Programme of the Left. Pack the bags, we're going back to Paris'."

L'Humanité, more *sensitive* to tha party's militant women, who did not take to the idea of Mme. Marchais doing the chores while Georges watched television, touched up the copy to read: "We'll pack the bags and go back to Paris."

He has been eccused of being blinkered by a mythological and elementary idea of "the workers" and limiting the party's appeal. M. Henri Fiszbin, e former secretary of the party's Paris federation and a central committee member, managed to get e text published in l'Humanité attacking this obsession with *ouvriérisme* which, he said, was "the old flaw of the French workers' movement." M. Marchais rejects the charge.

But it is true to say the party counts on pure loyalty, still firmly rooted in the wartime resistance, rather than on theoretical appeal. Recent polls show the party losing much of the public's general esteem, but holding its own voters' support. Does it feel more solid being an isolated force in Giscardian France than joining forces in s potential government of tha left? (The more Machiavellian theories have it that Giscardian France is Moscow's preference.)

Communist voters are attached to the Union of the Left. Fewer Socialists, bowever, are prepared to transfer their votes to e Communist in the secood round of elections. This has been borne out in the results of some recent local by-elections.

As for next year's presidential election, M. Edgard Pisani, a Socialist senator who used to be a farm minister under de Gaulle, said bluntly the other day that if a Communist came out ahead of the Socialist after the first round be would "go fishing." M. Pisani, whose statement was disowned by the party's head office, is a close associate of M. Michel Rocard, a principal contender for the Socialist leadership. The anti-Communist wave doubtless adds stength to M. Rocard's camp. But the catch is that, under present circumstances, any Socialist leader sooner or later baa to count on Communist voting support. The latest turn in Communist policy aggravates this Socialist dilemma, and in the end it may not be the Communist Party which suffers most damage.

The French Communist Party, as seen by Soulas in the far-left newspaper Libération (by permission)

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second class postage paid at New York, N.Y. and at additional mailing centres.

Thai army chief to become Prime Minister

BY OUR BANGKOK CORRESPONDENT

POLITICAL leadership in Thailand remains in firm military control with the naming yesterday of General Prem Tinsulanond, the 59-year-old army commander, as the next Prime Minister.

In a lop-sided vote that came as little surprise, Parliament voted in closed session to recommend the nomination of General Prem. Officials reported that Prem won 399 votes, nearly 80 per cent of the members of Thailand's bicameral legislature.

The president of the Parliament later flew to the northern Thai city of Chiang Mai to present Gen. Prem's name to King Bhumibol Adulyadj. The King's approval is considered to be certain in this constitutional monarchy. Gen. Prem is expected to assume office soon.

He will be taking over from Gen. Kriangsak Chomanan, who resigned last Friday in the wake of widespread public criticism over his Government's economic policies.

There is little indication that Prime Minister-elect Prem will be any more successful in dealing with the nation's troubled economy than was General Kriangsag. Thailand is faced with high prices, inflation, and a mounting trade deficit, caused in large measure by its huge oil import bill.

Working in General Prem's favour is his current popularity. A bachelor who has often been quoted as saying he is married to the army, Prem is widely perceived as an honest and dedicated soldier.

He is credited with having made significant gains against Communist terrorists in the country's troubled North-East when he was commander of the Second Army in the mid-1970s. Following his appointment as army commander in October 1978 and Defence Minister last May he made an effort, insiders say, to appoint men of his own style and diligence to key positions.

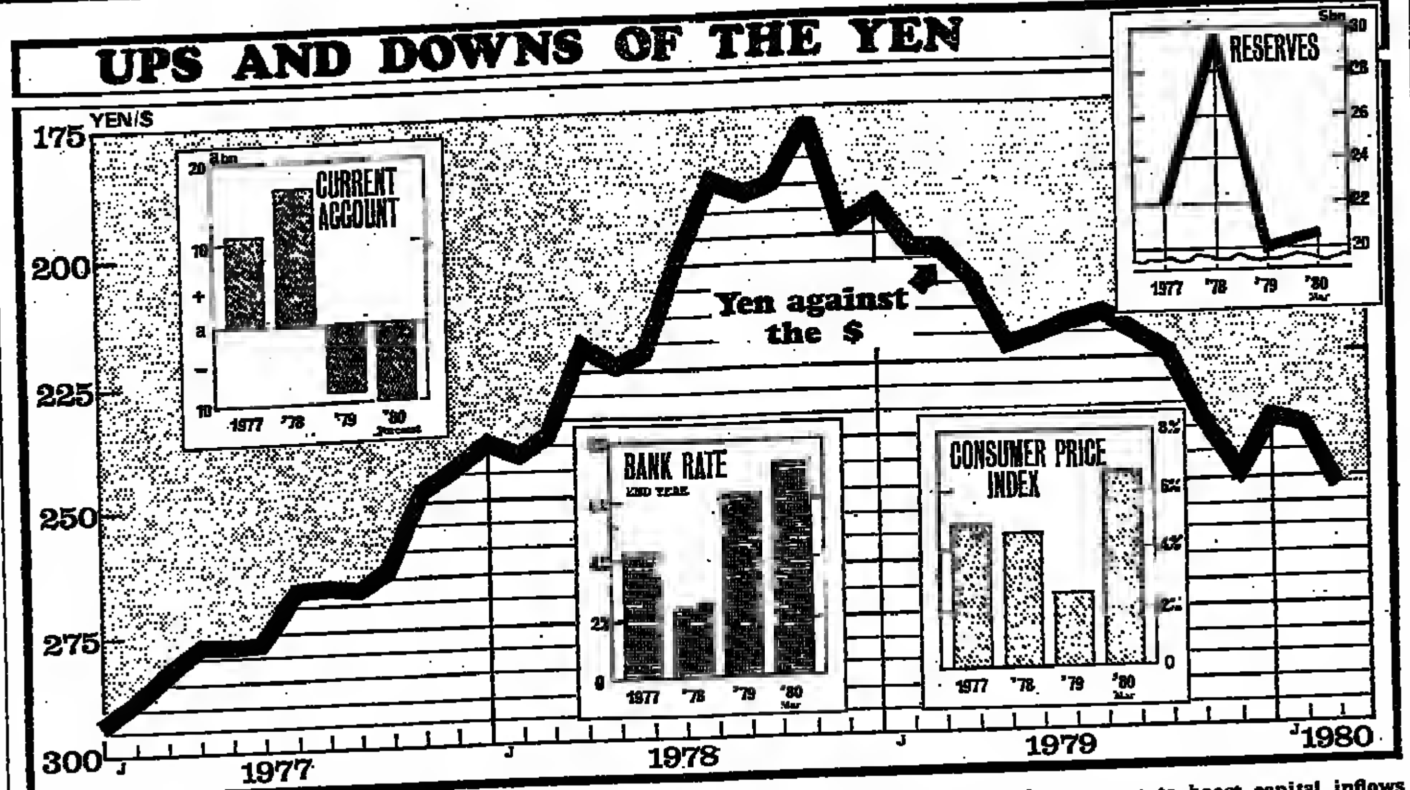
What observers here call his "Professionalisation" of the armed services has won him strong loyalties within the military and it is thought he will enjoy substantial backing from Thailand's sometimes politically restless armed forces.

But he will have to deal more effectively than Kriangsak did with civilian politicians buoyed by their successful assault on the Kriangsak Government.

Political analysts expect Gen. Prem to offer Mr. Kukrit, who was Thailand's Prime Minister in 1975 and 1976 and who gained about 80 votes in yesterday's balloting in Parliament, an important role in formulating economic policies. A Cabinet post or other high-level position for Mr. Kukrit—or for a Kukrit ally, such as Mr. Boonchu Rochanasaien, a former Finance Minister, is likely.

Kukrit is thought to favour measures to reduce Thailand's huge energy appetite by, for example, raising the price of oil products. But he will probably oppose any moves that heavily burden people in Thailand's lower-income brackets, which is how he characterised the Kriangsak oil policy.

Gen. Prem is expected to continue his predecessor's major foreign policies, at least in the beginning, including strong co-operation within the Association of South-East Asian Nations (ASEAM), close ties with the West, and wariness of what is seen here as the expansionist tendencies of the Vietnamese.



THE YEN support package unveiled by the Japanese Ministry of Finance on Sunday was the latest in a series of measures taken since the end of last year to shore up the currency, David Marsh writes. But the general view of the foreign exchange market is that the yen will not strengthen significantly from it present level of around 250 to the dollar unless the authorities take further measures to boost interest rates.

The yen has lost ground by about 30 per cent against the dollar since President Carter's package of measures to stabilise the U.S. currency in November 1978. The fall has had a self-perpetuating element about it. The large boost in import prices resulting from currency weakness has led to a rapid increase in inflation—running at 6.6 per cent on the basis of the consumer price index, but at the far more alarming level of over 20 per cent according to the wholesale price index.

At the same time the current account has swung into large deficit mainly as a result of the jump in oil prices—January's deficit of \$3.2bn was the worst ever monthly figure.

The Japanese authorities have tried to brake the decline with a combination of increases in discount rate (raised again last month to $7\frac{1}{4}$ per cent, against $2\frac{1}{4}$ per cent this time last year), measures to boost capital inflows and heavy intervention, which reduced official reserves by \$10bn last year. Sunday's package promises more intervention and, in particular, moves to encourage direct loans from oil exporting countries.

But with interest rates going up in the U.S. and Europe, yen investments are likely to remain relatively unattractive unless there is a fresh rise in Tokyo interest rates.

Iran's rulers vote approval for hostage visit

BY SIMON HENDERSON IN TEHRAN

IRAN'S ruling revolutionary council has confirmed by a unanimous vote that the United Nations commission investigating the Shah's crimes should be permitted to visit the hostages held at the occupied U.S. embassy in Tehran.

Stating this yesterday, the UN commission did not say when the long-awaited visit would take place, but it would remain in close touch with Mr. Sadeq Qothzadeh, Iran's Foreign Minister, to arrange the visit.

The statement was issued after an hour's meeting between the commission and Mr. Qothzadeh at the Foreign Ministry.

The five-man UN commission is running out of time in which to salvage its credibility. Although the Revolutionary Council has approved its mision to see the hostages, the necessary arrangements have not been completed by the students holding the embassy.

The UN team, comprising members from France, Algeria, Venezuela, Syria and Sri Lanka, had expected to leave Tehran yesterday or today.

Lack of progress on the visit to the hostages has led to renewed doubts about the state of some of them. Seven have not been seen since the student take-over. Three of these have been named from captured diplomatic cables as being agents of the Central Intelligence Agency.

Iran's Prosecutor-General demanded on Sunday that one of three U.S. diplomats who have been in protective custody at the Foreign Ministry in Tehran should be handed over.

The diplomat under threat of arrest is Mr. Victor Tomseth, a political officer, who with Mr. Bruce Laingen, the chargé d'affaires and a security man, was at the Foreign Ministry when the embassy was seized. He is wanted for questioning about his knowledge of an underground terrorist group called Forghan which assassinated several revolutionary figures.

Seven captured members of the group have been shot by firing squad after being found guilty by a revolutionary court. Mr. Tomseth hed helped write a diplomatic report on Forghan and this was one of the embessy documents found by the students.

North meets South in another effort to end Korea's cold war

BY RONALD RICHARDSON IN SEOUL

CHURCHILL, STALIN and Truman produced one of World War II's longest-lingering casulties when they decided at Potsdam in 1945 to occupy Korea with American and Russian troops after the fall of Japan.

Only now, more than a generation later, and after a bitter civil war, are the first signs appearing of an end to the Cold War stalemate which has kept Korea frozen into two hostile, non-communicating politics.

Since early this year letters and meetings have been exchanged in an effort to arrange a meeting between Shin Hyon-hwack, South Korea's Prime Minister, and Li Jong-ok, his North Korean counterpart. If the negotiations succeed—and there are signs they might—the first direct contact will be made between the Communist Government in Pyongang and the right-wing Government in Seoul since they were formed in 1948.

Today South and North Korean officials will hold their third meeting at the border village of Panmunjom. So far they have produced minor agreements on procedure for the summit, although no progress has been made on the agenda or the venue. The South has proposed Geneva as the site, while the North wants to meet alternately in the capital, Pyongyang and Seoul.

The attention paid to the disagreements has obscured the larger area of agreement which flowed from Pyongyang's about-face on a basic tenet of its foreign policy.

The initiative came on January 12 in a letter from Li Jong-ok to his counterpart. The North for the first time acknowledged the South Korean Government and, more importantly, offered a government-to-government meeting.

Pyongyang had previously considered the Seoul regime illegitimate—a "U.S. puppet"—and the abortive contacts between North and South in the early 1970s avoided either Government dealing directly with the other.

Now the North has ended 32 years of stubborn refusal to deal with Seoul and, in so doing, has voluntarily offered a summit meeting. It has thus met the basic condition Seoul has long insisted on—that North South contact must be between "the responsible authorities."

Neutral observers in Seoul suggest both sides have created the apparent deadlock over the summit venue to feel out the intentions and determination of the other before getting down to business. Both Seoul and Pyongyang have offered within the past 12 months to meet the other at any location. The venue should thus be open to compromise.

The agenda, the central issue, has not yet been tackled by the working-level meetings, and raises the question of why Pyongyang performed its about-face.

The South Korean Government of President Choi Kyu-hah suspects it knows why. It sees the North trying to inject itself into the uncertain political climate in the South, which explains the South's less-than-enthusiastic response.

Seoul government analysts believe Pyongyang has seen an opportunity to create unrest, now that President Park Chung-hee is dead, by appealing to Korean nationalism and the latent wish for re-unification.

Ever-watchful of the North, which invaded South Korea in June, 1950, soon after proposing a re-unification conference, the South stresses the need for heightened military vigilance.

However, some U.S. and other foreign observers see a possible alternative reason: the rapidly changing relationships between North Korea's friends and foes.

They point out that Pyongyang's initiative came only weeks after the Soviet invasion of Afghanistan, which North Korea later indirectly criticised. This was the second time in a year Pyongyang had seen one of its two main Communist allies, Russia and China, invade a neighbouring state. Although North Korea supported China's "punitive" attack on Vienam a year ago, it must have felt uncomfortable that Peking had used force against a pro-Moscow Communist regime.

For 30 years, Kim Il-Sung, North Korea's leader, has kept relatively independent of his Communist neighbours. In recent years, however, Pyongyang has swung more and more behind Peking, which has seemed more willing than Moscow to provide economic support.

Kim Il-Sung has also seen a rapid growth of ties between Peking and Washington, which has unequivocally underwritten South Korea's security by stationing 40,000 U.S. troops there, mostly along the border.

Kim Il-sung's nightmare must be the choice Peking may have to make one day between a Washington alliance and its Pyongyang comrades. Analysts suggest the sudden turn towards Seoul could be intended to forestall that—and is being made purposely at a time when a "peace offensive" will have most impact in the South.

North Korea's Prime Minister appeared to be hinting at this in his letter, when he said: "We are now faced by a crucial period in which the complicated situation around our country is sounding an alarm bell, time and again urging us to reect outside forces. . ."

Still, Government officials in Seoul are less inclined to this view than to their publicly expressed belief that the North is simply out to stir up political unrest in the south as it gropes its way from the late President Park's authoritarianism to the promised democratic constitution.

Seoul will try to probe the North's intentions at today's meeting.

If it is detente Pyongyang is seeking, the North should be prepared to hold the summit anywhere, Seoul reasons. But if agitation and propaganda are the motive, meetings inside Korea would produce a far greater yield.

Either way, it will be hard for South Korea to reject the offer of a summit. As for the North as a U.S. observer said: "They really seem to want this meeting."

Crucial tests for Kennedy and Bush

By Jurek Martin, U.S. Editor in Washington

SENATOR Edward Kennedy and Mr. George Bush have the greatest cause for apprehension about the outcome of the Presidential primary election to be held in Massachussetts today.

Both men ought to win very comfortably in a state which, logically, constitutes very favourable territory. But President Jimmy Carter's easy victory over Senator Kennedy and Mr. Ronald Reagan's landslide triumph over Mr. Bush in New Hampshire last week seems to have induced a change in sentiment in Massachussetts, to the extent that anything less than the expected margins of victory will be interpreted as a significant setback.

Not long ago, it would have been inconceivable for Senator Kennedy to lose a moment's sleep about voting in his home state. In every primary and general election since he was first returned as Senator in 1962, he has won over 60 per cent of the electorate.

A Boston Globe poll late last year gave him a three to one lead over Mr. Carter.

Moreover, though he carried Massachussetts easily against President Gerald Ford in the 1976 General Election, Mr. Carter did rather poorly in the primary earlier that year, finishing only fourth, with under 14 per cent of the vote.

The best Mr. Carter could have hoped for was to pick up a reasonable handful of the 111 delegates Massachussetts will send to the national Democratic party convention and wait for the more fruitful Southern primaries.

But in New Hampshire, Mr. Carter beat Mr. Kennedy in almost all that State's southern towns which abut Massachusetts and whose composition is typical of the Bay State. In addition, Massachusetts has shown recent signs of belying its traditional liberal image.

The latest Boston Globe poll, taken last Thursday, still puts Mr. Kennedy ahead by 52 points to the President's 37 and nobody in the Carter camp is even dreaming of predicting an upset victory.

On the Republican side, the latest Globe poll shows a dramatic shift away from Mr. Bush: it gives him 36 per cent, to 33 per cent for Mr. Reagan, 17 per cent for Congressman John Anderson and 6 per cent for Senator Howard Baker. A month ago, the same survey gave Mr. Bush 57-to-18 per cent lead over Mr. Reagan.

Mr. Bush's territorial claim to Massachusetts is almost as strong as Mr. Kennedy's. He hails from neighbouring Connecticut, went to school in Massachusetts and has lined up the backing of most of the state's establishment. He has also been long and well organised in the state.

But the admittedly small Massachusetts Republican Party has a solid conservative core, well disposed to Mr. Reagan. New Hampshire demonstrated, too, that he can run well in the towns.

Moreover, Mr. Bush is being squeezed from the relative left by Mr. Anderson and Mr. Baker, with the former in particular showing up well in a state with a large student population which clearly admires his outspoken liberalism on many issues. Mr. Anderson may end up by taking more away from Mr. Baker than Mr. Bush, but he will not affect Mr. Reagan's appeal.

A second primary is also being held today in Vermont. On the Democratic side, in which Mr. Carter is thought to be slightly ahead of Mr. Kennedy, only a "beauty contest," with no binding effect on the apportionment of delegates, is being staged

Carter to step up vigilance on price guide compliance

BY DAVID BUCHAN IN WASHINGTON

THE CARTER Administration has reiterated it will not impose a mandatory incomes policy as part of its new counter-inflation effort, but in telegrams sent to the top 500 U.S. companies over the weekend warned it will step up monitoring of compliance with the voluntary price guideline, in effect for the past 18 months.

The telegrams, sent out in the names of Mr. William Miller, the Treasury Secretary, and Mr. Alfred Kahn, the White House inflation adviser, reflect Administration alarm that companies may have been raising prices recently as evasive action to beat the imposition of wage and price controls, persistently rumoured and supported by some politicians, notably Senator Edward Kennedy.

According to Mr. Kahn, this may have been partly to blame for the sharp January increase in consumer prices. President Carter would need Congress authorisation for economic controls and the telegrams assured the companies he "does not intend to seek it."

Instead, the lynchpin of the Administration's new anti-inflation measures appears to be spending cuts in the Federal budget. With so much of the curent budget year, which ends in September, already passed, the cuts now in preparation seem to be concentrated on the 1980-81 budget—perhaps of the order of $20bn which on the Administration's arithmetic put that budget into balance or small surplus.

Its original forecast for the 1980-81 budget was a $15.8m deficit, regarded by the financial markets as insufficiently restrictive to have any impact on an inflation rate that has recently accelerated.

The Administration has not made clear how it intends to step up its monitoring or enforcement of its voluntary price guideline, set at 8 per cent in the current year, with an inflation rate actually running at twice that pace.

Clearly, the number of companies violating this standard has been quite large—but the Administration has not used the sanction it one threatened—of denying violators Federal contracts, despite the fact that the use of this weapon was upheld in the courts.

At the same time, President Carter has rejected one proposal by his economic advisers to tighten up the voluntary pay standard by requiring large companies to submit detailed justifications to the Government if they granted their employees more than an 8.5 per cent wage and benefits anuual increase.

This would have provided an administrative harrasment to companies and might have deterred business from being over-generous, Mr. Carter's advisers felt.

But the President, under pressure from Mr. Lane Kirkland, president of the American Federation of Labour-Congress of Industrial Organisations, the country's trade union federation, desisted. Mr. Kirkland is on a pay advisory board but has recently threatened to leave it in protest at the way prices have been allowed to rise faster than wages of his union members.

IMF account stirs interest

BY DIANA SMITH IN BRASILIA

ECONOMIC officials in Mexico, Venezuela and Brazil are receptive to the general concept of an International Monetary Fund substitution account aimed at creating greater stability for the international monetary system and providing a new instrument based on IMF Special Drawing Rights.

Sig. Filippo Maria Pandolfi, Italian Treasury Minister and president of the Interim Committee of the IMF, said here that he had been offered several technical suggestions for the functioning of the new IMF scheme. Sig. Pandolfi, who is now back in Rome, spoke to economic authorities in Mexico City, Caracas, Brasilia and Buenos Aires. In Brazil he met Sr. Ernane Galveas, the Finance Minister, and Sr. Carlos Langoni, president of the central bank.

The gist of the IMF scheme, which will be discussed at the Hamburg meeting of the Interim Committee on April 25, is a $20bn substitution account "above and beyond the dollar," as Sig. Pandolfi put it, into which countries holding substantial dollar reserves would place a share of their holdings in exchange for assets denominated in SDRs.

Sig. Pandofi's meeting with Latin America's large dollar reserve holders will be followed in mid-March by visits to Saudi Arabia, Kuwait, Iraq and the United Arab Emirates. Around Easter he will discuss the creation of a substitution account with his EEC colleagues.

Sig. Pandolfi . . . Latin Americans receptive to substitution account

Imported steel takes larger market share

By Our New York Staff

IMPORTS of steel into the U.S., currently the subject of intense diplomatic exchanges between the Carter Administration and the EEC, significantly increased their market share last month. According to preliminary figures from the American Iron and Steel Institute, steel product imports totalled 1.264m tons—within a few hundred tons of the figure in January 1979, but in that month the U.S. steel industry was gearing up for a small boom in shipments, which totalled 8.2m tons in the month.

Shipment figures for January this year are not yet available, but are reliably forecast at around 7m tons, meaning that in January steel imports recorded a significant increase in market share above the 13.6 per cent of January, 1979.

Canadian envoy calls for closer links with PLO

BY VICTOR MACKIE IN OTTAWA

CANADA'S Ambassador-at-large in the Middle East, Mr. Robert Stanfield, has recommended that Canada could help to promote peace in the Middle East by broadening links with the Palestine Liberation Organisation (PLO).

The former Progressive Conservative Party leader, in a report made public, said Canada could encourage Palestinian nationalist groups to "greater moderation and realism" and acceptance of the state of Israel.

This did not mean that Canada should recognise the PLO, he said. But the PLO was "the only spokesman for the Palestinian people which enjoys the support of a large and significant body of the Palestinian people."

He suggested that Canadian Governments support the Palestinians' demands for a homeland and for a say in determining their own future. But he warned: "Discussions with the PLO should in no way affect a firm stand by Canada against any terrorist activities perpetrated by armed sub-groups of that organisation."

Mr. Stanfield's report, released by the outgoing Prime Minister, Mr. Joe Clark, also said that the Canadian Human Rights Commission might be given wider powers to combat the economic boycott of Israel by the 20-member countries of the Arab League.

Canada should also be ready to give peace-keeping or economic aid under a Middle East peace settlement, he said.

Chrysler, Mitsubishi study U.S. plant

BY IAN HARGREAVES IN NEW YORK

CHRYSLER is discussing with Mitsubishi of Japan a wide range of possible joint activities, which could eventually lead to the two companies building small cars and trucks together in the U.S.

Mitsubishi said in Tokyo yesterday that it had received such proposals from Chrysler. The U.S. company would only say it was talking to Mitsubishi about "a number of things." "It is too early to speculate on what might emerge," a Chrysler official said.

Chrysler already has an equity stake in Mitsubishi, whose cars it imports to the U.S. for sale under a joint Chrysler-Mitsubishi marque.

This relationship, although crucial to Chrysler's presence in the U.S. small car market, has been plagued with difficulties over financing the imports and Japanese complaints that Chrysler's dealers were not promoting the cars as successfully as they should.

There have been a number of exchanges between the two companies in recent weeks in an attempt to sort these problems out. Financing has been temporarily resolved by Mitsubishi agreeing to finance the imports itself for a three-month period.

Chrysler could well be aiming to establish, with Mitsubishi, the kind of statement of intent on possible future co-operation it recently announced jointly with Peugeot-Citroen of France, in which the U.S. company also has an equity stake.

BOOST FOR ORINOCO BELT

Venezuela plans $4.7bn oil spending

BY KIM FUAD IN CARACAS

VENEZUELA will invest almost $4.7bn (£2bn) to bring 125,000 barrels a day of upgraded heavy crude from the Orinoco oil belt on stream by 1988, Dr. Guillermo Rodriguez Eraso, head of the state oil monopoly's largest operating affiliate, said last week.

Dr. Rodriguez's company—Lagoven—has taken the lead in Venezuelan plans to accelerate development of the 36,000 sq km oil belt and tap around 1m b/d of Orinoco oil by the end of the century.

Dr. Rodriguez told Venezuelan and foreign businessmen that Lagoven was well advanced in the planning of the 125,000 b/d production and upgrading project at Cerro Negro, at the eastern end of the 600 km-long oil belt, which runs along the northern shore of the Orinoco river. The three other state oil companies—Meneven, Maraven and Corpoven—are undertaking exploration and development in other parts of the oil belt.

Dr. Rodriguez said the belt's true resources will have to be defined through large-scale exploration, but they are now believed to exceed 1967 estimates of 700bn barrels by three or four times.

Due to a rapid decline in output at Venezuela's traditional oilfields which had provided around 35bn barrels since 1917, the state oil monopoly, Petroleos de Venezuela, had undertaken the development of the Orinoco oil sooner than originally expected, Dr. Rodriguez said.

Potential in traditional areas would fall below 1m b/d by the year 2000, and Orinoco oil provided the only basis for achieving a 2.8m b/d potential in the late 1980s. Current potential is 2.4m b/d.

Describing the oil belt's heavy, viscous crude as a kind of "black butter" requiring special production facilities, Dr. Rodriguez said that while conventional pumps could recover 3 to 5 per cent of the oil, injection of steam into the producing wells would raise recovery to around 10 to 12 per cent, and steam heating of the entire producing formation would lift the recovery factor to over 30 per cent. The Cerro Negro project called for drilling 1,100 wells and setting up 15 steam generators in the 200 sq km site, he said.

Lagoven would use proven Exxon technology to upgrade the Orinoco oil. The end product would be a heavy crude free of sulphur, metals and other impurities. Some 5,000 tons-per-day of petroleum coke produced in the process would be used for generating steam.

Dr. Rodriguez was optimistic that Orinoco Oil could be easily marketed, either as heavy crude, untreated oil or a mixture. He noted that Western clients—Venezuela sells about half of its 2m b/d exports to the U.S.—were taking steps to adapt their refining capacity to accept heavier crudes.

Venezuela has spearheaded moves in the Organisation of Petroleum Exporting Countries towards better terms in the transfer of technology from industrialised countries through negotiation. Its emphasis has been on technology for heavy crudes, which will play a more important role in world oil supplies in the future, according to OPEC economists.

French offer to assist Australia nuclear plan

By Patricia Newby in Canberra

FRANCE has offered Australia assistance with technology and finance of up to 40 per cent of development costs of a uranium enrichment plant.

A delegation of eight French nuclear experts, led by M. Jean-Paul Devilliers, the director of nuclear materials at the French Atomic Energy Commission, has concluded talks he described as "encouraging" this week with Mr. Doug Anthony, Australia's Deputy Prime Minister, and with Senator John Carrick, the Minister for National Development and Energy.

During its 10-day visit the delegation also talked with the Uranium Enrichment Group of Australia (UEGA)—a consortium recently given the task by the federal Government of assessing the feasibility of an enrichment plant. Partners in UEGA are the big mining companies, BHP, CSR, Peko-Wallsend and Western Mining.

In spite of strong opposition from Conservationists and the anti-nuclear lobby, Western Australia, Queensland and South Australia have already indicated they would be prepared to have a plant sited in their states, mainly because of the employment generated during the construction phase. A plant could be expected to cost about A$1.5bn (£720m).

Negotiations are understood to be only preliminary and France would come up with more concrete proposals and feasibility studies later.

Terry Dodsworth in Paris writes: Mr. Olivier Stirn, a junior minister at the French foreign office, said on a visit to Pakistan that France was prepared to discuss help on the establishment of a nuclear treatment plant with the Pakistan Government only on the condition that such a plant would not produce weapons grade material. Since the Pakistanis appear not to be interested in a deal of this type, no agreement is expected in the near future.

White House rejects shoe import curbs

By David Buchan in Washington

PRESIDENT CARTER has for the time being rejected import quotas on shoes as inflationary, but warned that his Administration will monitor footwear shipments closely this year and take action if there are future "surges" in imports.

A White House policy statement over the weekend, delayed for several weeks by inter-departmental wrangling, noted the shoe imports had risen very sharply in the third quarter of last year—to an annual rate of 425m pairs—mainly because of shipments from Italy.

But this import pace has declined in the last quarter of 1979, and the White House said, was expected to continue to decline this year. Quantitative restrictions were thus considered unnecessary for the moment, in part also because the President's economic advisers considered that quotas on imports would fuel inflation by forcing up prices for American consumers.

Production of Swedish paper rises

By William Dullforce in Stockholm

SWEDISH paper production reached a record 6.28m tonnes in 1979, and demand for both paper and pulp was so vigorous that the market was able to absorb all the mills could produce, the Swedish Pulp and Paper Association reports in its monthly bulletin.

Paper and board exports grew by 9 per cent to 4.7m tonnes with newsprint shipments ahead by over 21 per cent to 1.2m tonnes. The EEC market took 3.25m tonnes of paper and board or roughly 70 per cent of the total Swedish export volume.

Output of market pulp last year totalled 3.9m tonnes, an increase of 4.2 per cent. The most significant development was the 25 per cent rise in the production of mechanical pulp to 492,000 tonnes.

The Association notes that the British attitude to duty-free imports of paper from Sweden remains "extremely restrictive." Quotas had risen by only 13 per cent since 1974 compared with the 28 per cent they would have increased had the rates permitted in the trade agreement between the two countries been applied.

Under its agreement with the EEC Sweden's paper exports to the Community should be exempt from tariffs from 1984.

Japanese set to take 8% of W. German car market

BY KEVIN DONE IN FRANKFURT

THE JAPANESE invasion of the West German car market is expected to gather pace this year, despite the predicted fall in overall car sales in the Federal Republic.

Japanese motor manufacturers are confident of gaining at least 8 per cent of the market in the near future having increased their share to 5.6 per cent last year. Industry estimates put Japanese motor vehicle sales in West Germany this year at 165,000, at least, which would be a rise of 11 per cent on last year.

Honda, to date the fourth largest Japanese car exporter to West Germany, boosted the volume of its car sales last year by no less than 74 per cent, while its total turnover rose by 61 per cent to DM541m (£135m). For the first time Honda took more than one per cent of the West German car market, with a share of 1.1 per cent compared to 0.6 per cent in 1978.

Honda's chief executive in West Germany, Mr. Mitsuo Ishihara, said that the company expected further expansion in all product sectors this year, although not at the same rate as in 1979. Above all Honda is now seeking to strengthen its dealer network in order to improve the standard of service offered to German motorists, who are among the most demanding in Europe.

Although the fall of the Japanese yen has helped boost Japanese car sales in West Germany in recent months, Japan's big attack on West Europe's richest car market was already set in motion in the mid-1970s.

In 1972 Japanese motor sales in the Federal Republic amounted to only 7,900 vehicles. By last year this had built up to the impressive total of just over 147,000 vehicles, giving a market share of some 5.6 per cent.

With the continuing strength of the German car makers in their home market—they still account for just over three-quarters of all sales—the Japanese have mainly progressed at the expense of other exporters, especially the Italians.

Italy has recently been pushed into third place behind the French and the Japanese among the leading car exporters to West Germany. The Federal Republic has become the third most important overseas market for the Japanese after the U.S. and the UK.

The Japanese presence is to be further strengthened by the arrival of Subaru in the market. This will bring the total of Japanese motor manufacturers exporting to West Germany to eight, comprising Toyota, Mazda, Datsun, Honda, Mitsubishi, Suzuki and Daihatsu.

Honda is also consolidating its position as the leading motorcycle marketer in West Germany. With sales last year of some 35,000 motor-bikes, an increase of 34 per cent over 1978, it claimed a market share of 35 per cent. In addition it sold some 36,000 mopeds.

Fears for ASEAN textiles industry

BY RICHARD COWPER IN DJAKARTA

TEXTILE manufacturers from the Association of South East Asian Nations (ASEAN) fear that a coming economic world slowdown will bring a rising tide of protectionism in the developed countries which could considerably harm the region's textile industry. Producers from the five ASEAN countries are also very concerned about the growing emergence of China as a major textile exporter.

To deal with this double threat, textile manufacturers from Indonesia, Thailand, Malaysia, Singapore and the Philippines, at a meeting of the ASEAN Federation of Textile Industries in Djakarta last week, urged the region's exporters and textile makers to develop a joint negotiating stand in forthcoming talks with the EEC, Japan and the U.S. on the Multi Fibre Arrangement (MFA).

Many of the delegates were highly critical of the present MFA which, they said, had failed to prevent a widespread growth in protectionism. That said, however, many feared that if the agreement were allowed to lapse in 1981—the year the current MFA is due to expire—the situation could become far worse.

Malaysia, for example, believes that the U.S. could then embark on much more restrictive import provisions. ASEAN would have to be prepared to make compromises if local exporters were to avoid the "textile anarchy" or the big growth in national legislation that would ensue if a new MFA were not negotiated.

Thailand viewed as "alarming" the recent growth in Chinese textile exports which had already produced an extremely tight position in world cotton supplies. With the U.S. giving China most favoured nation status and many of the industrialised countries keen to help China earn foreign currency to pay for manufactured goods imports, China was likely to prove a growing challenge to ASEAN producers.

Yamaha in China talks on motorcycles

By Richard C. Hanson in Tokyo

YAMAHA MOTOR, one of Japan's leading motorcycle manufacturers, has been approached by China with a proposal to establish a joint venture to produce motorcycles in China.

Yamaha joins an expanding list of Japanese companies which are discussing joint ventures with the Chinese. However, there has been little progress so far for any of them because of an absence of detailed laws in China to govern joint ventures.

The Chinese would like Yamaha to take a 51 per cent share in the proposed joint venture, which would probably be on a scale of about 1m motorcycles per year. As in the other talks between Japanese companies and the Chinese, China appears willing to leave the primary responsibility for a joint venture to Japanese management.

Yamaha officials emphasised that the talks were very much at the preliminary stage. Any final decisions could take a long time, they added.

EEC-Lisbon timetable agreed

BY JIMMY BURNS IN LISBON

A HIGH-RANKING Brussels delegation headed by Sig. Lorenzo Natali, the EEC Commission vice-president, and Mr. Roland de Kergorlay, deputy director in charge of enlargement, left Lisbon yesterday after five days of talks with Government officials on pre-accession Common Market aid to Portugal.

Portugal has requested help in the development of its agriculture and its infrastructures both in the form of credits and technical training, but Sig. Natali stressed that it was too early to specify how much this would cost the Community.

Dossiers on these priority sectors would be carefully looked at by the Commission over the next few weeks before a formal opinion was passed on to the EEC Council of Ministers.

Sig. Natali did confirm, however, that he had agreed in principle with the Portuguese Government on a calendar for accession negotiations. These should be largely completed by the end of this year. Although certain aspects would be ironed out during the first six months of 1981, Portugal would then be in a position to become a full member of the EEC in 1983 after the ratification of the accession treaty by the Community's member States.

Sig. Natali underlined Portugal's potential contribution to the EEC as a trade intermediary between the EEC and Third World countries, particularly those in Latin America and Africa with which the Portuguese have specific historical ties.

Preaccession aid and the pattern of Portugal's future negotiations with Brussels are expected to be discussed in further detail at the end of this week following the arrival here of a fresh EEC delegation, led by Mr. Roy Jenkins.

India urges foreign support for exports

BY LORNE BARLING

INDIA'S RECENTLY relaxed attitude towards imports could only be continued if its trading partners increased their purchases of Indian industrial goods to create a balanced pattern of trade, a senior Government official warned yesterday.

Mr. A. S. Gill, Secretary to the Government of India in the Ministry of Commerce and Civil Supply, said the new administration intended to encourage a more aggressive export policy to improve its trading position.

Speaking at the opening of an Indian industrial exhibition near Birmingham, Mr. Gill said that engineering products accounted for only 3 per cent of total British imports from India, which were still dominated by commodities.

He said Britain had supplied much of the aid and equipment to build up India's now-substantial engineering sector, and was still the largest investor in his country. But the balance of trade was now in Britain's favour and its imports of engineering goods had not increased as fast as in other countries.

Mr. Gill pointed out that higher energy costs were now putting increased pressure on his country's balance of payments, and every effort had to be made to make use of existing industrial capacity to boost exports.

Mr. John Nott, UK Secretary of State for Trade, who officially opened the exhibition, said his Government was committed to free trade and had no intention of giving in to pressure for import controls.

$353m contract for Israel's new air base

WASHINGTON — Negev Air Base constructors have received a $353.6m army contract for construction of an Israeli air base.

The consortium for construction of the Ovda base in southern Israel is led by Perini Corporation. The other members are Herbert Construction, Paul N. Howard, and Louis Berger International.

Among other contracts Goodyear Aerospace has been awarded a $57m navy contract for the Captor weapons system. Honeywell received a $30.2m army contract for artillery high-explosive ammunition. Boeing Military Airplane was given a $29.7m air force contract for wing skin kits for C-135 transport planes and Raytheon received a $22.6m army contract for engineering services on the Patriot anti-aircraft missile system.

AP-DJ

UK food sales expected to rise

BY OUR WORLD TRADE STAFF

BRITAIN'S FOOD exporters are confident of a continued expansion of exports of processed foods for the 1980s, but nearly all believed that a lower-valued pound in relation to the U.S. dollar would be best for improving export performance.

A British Food Exports Council survey showed that 47 per cent of the council's mebership favoured an exchange rate of $2 to the pound, while 78 per cent preferred a parity range of between $1.90 and $2.10. Only a small percentage favoured either higher or lower exchange rates. The BFEC has 250 member-companies.

The BFEC noted that some of the different opinions were attributed to the fact that much of the raw material for processed foods must be acquired from abroad and, therefore, a strong pound was desirable. This was offset by the fact that export prices had to be kept competitive, in which case a lower-valued pound was preferable.

The EEC was seen as the strongest market area, with the U.S./Canada, the Middle East and Far East the chief secondary areas.

The survey came following release of year-end figures showing that all food exports from Britain had declined to £1.7bn in 1979 from £1.8bn the previous year.

Nevertheless, sales of £1.11bn to the EEC last year compared with £1.13bn the previous year pushed the EEC's share of UK food exports to 63.4 per cent, compared with 61.7 per cent.

Exports to Ireland had risen to £276m from £214m, while those to France had fallen to £280m from £316m. The pattern in most other national sectors, including the U.S., had remained steady, but exports to Canada slipped to £33m from £48m, reflecting the weakened value of the Canadian dollar.

UK NEWS

Claims over cruise liner 'more than £6.6m'

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

CLAIMS exceeding £6.6m are pending against the owners of the cruise liner La Perla, under arrest at Liverpool since mid-January, the Admiralty Court in London was told yesterday.

Mr. Justice Sheen made an order for sale of the vessel pending hearing of a claim by two West German banks for DM 21,879,836 (about £5.2m) due under four mortgages.

The sale was not opposed by the vessel's owners, Perlus Cruises, of Limassol, Cyprus, or by other creditors.

Mr. David Grace, for the banks, Deutsche Schiffahrtsbank AG and Staatliche Kreditanstalt Oldenburg-Bremen, said they had advanced money to the owners under four mortgages for the purchase of La Perla and her renovation and repair.

The ship was chartered by Atlas Leisure Services for six cruises, but on her first cruise, at Christmas, complaints by passengers about food, sanitary facilities and the attitude of the crew received wide publicity.

Atlas had started legal proceedings claiming £250,000 liquidated damages and about £1m unliquidated damages. Claims totalling about £90,000 had been made against the owners by two suppliers to the vessel, and a ship repairer had started proceedings.

Mr. Grace said the owners were hopelessly insolvent and unable to obtain La Perla's release from arrest. The vessel had an estimated value of $4m if she could be used as a Mediterranean cruise ship this summer, or about $800,000 as scrap. The owners were a one-ship company with no other assets.

Sale before action was required because, although the owners were unlikely to be unable to defend, the need to obtain evidence of the relevant foreign law would delay hearing of the banks' claim.

Mr. Grace said the banks had paid off the vessel's crew and repatriated all but a skeleton crew to Greece.

Making the order for sale, the judge ordered that the banks' costs should come out of the sale proceeds.

Board shake-up for computer grouping

BY GUY DE JONQUIERES

THE management structure of Insac Products (IPL), the National Enterprise Board offshoot set up to promote exports of British computer software, is to be reorganised.

The move is intended to inject new impetus into IPL after just over two years of operation, during which it has been prey to internal tensions and wrangling between its five member-companies.

IPL also announced yesterday that it has strengthened its commercial presence in North America—which it regards as the main market for its products—by acquiring Altergo Software Inc. (ASI), the transAtlantic sales arm of the U.K.-based Altergo Group.

This purchase, for an undisclosed sum, will endow IPL with an established marketing network employing about 40 people. Altergo has installed about 400 products and systems throughout the U.S. and Canada.

Recent decisions on IPL's future provide for the abolition of previous arrangements which required the chief executives of each of the five member-companies to sit on the board of the organisation and to help plan strategy under the chairmanship of the managing director of IPL.

In practice the system proved unworkable, partly because it involved discussion of the affairs of each company in the presence of the others. The chief executives of two of the companies, Mr. Len Taylor, of Logica, and Mr. Peter Adams, of Systems Programmers (SPL), recently resigned from the board, claiming it had accomplished little.

Members of the new board will be drawn from outside the five companies, and will not have an executive role. Though no appointments have been announced yet, they are expected to include businessmen with backgrounds in finance and marketing, who may have no direct links with the computer industry.

The member-companies will be represented in future by liaison officers from below board level who will sit on an informal IPL committee.

IPL is also planning to look beyond its existing membership for proposals eligible for its support. It believes that its members have not been generating suitable projects rapidly enough. As a step in this direction it will take over the marketing of products in the ASI range.

A delicate decision has still to be taken on the request by Mr. Adams, chief executive of SPL, that the NEB sells its holding in the company, which it acquired two years ago together with minority stakes in the other IPL members.

Mr. Adams claims that uncertainty about the NEB's future disposal policies is unsettling for SPL's business. But the NEB is believed to be reluctant to sell until it has a clearer idea of the likely bidders for its interest in SPL, which is majority-owned by a Swiss-registered holding company.

Last-minute snags hold up French Clydebank takeover

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE TAKEOVER by the French engineering group Union Industrielle et d'Entreprise of Marathon Shipbuilders' rig-building yard at Clydebank has run into last-minute difficulties which will prevent the signing of the sale agreement this week as originally planned.

The general manager of Union Industrielle's offshore division, M. Louis Bath, said in Paris yesterday that he wanted to discuss several parts of the agreement further with Marathon.

There were particular difficulties over the licensing arrangement which will permit the Clydebank yard to continue to build Marathon-designed Le Tourneau jack-up oil-drilling rigs.

"We feel that the arrangement does not bind Marathon enough," M. Bath said, "we want to make sure that the yard will have full opportunity of chasing contracts, and we feel the present document does not offer that absolute guarantee."

The Clydebank yard has been rescued twice by the Government's placing speculative orders for rigs.

The latest of these, due for completion this summer, has been sold to Saipan of Switzerland.

The Government has sanctioned the sale, and it is understood that the French company will take over the outstanding £2.8m loan made at 6 per cent interest to Marathon by the Scottish Office, and buy the Government's 32,000 preference shares, though at less than the nominal value of £3.2m.

Last month Union Industrielle secured the approval of the unions and workers at Clydebank for changes in working practices and a reduction in jobs from 1,000 to 750 through voluntary redundancy.

M. Bath said his company had begun bidding for contracts in anticipation of taking over the yard.

Tenders had been submitted for a small and a medium-sized fabrication for the North Sea, and there were several proposals to build rigs, one of which stood a good chance of a firm order.

The company planned to spend about £1m modernising part of the yard to increase its versatility for offshore engineering works.

Fewer foreign tourists expected

BY JAMES McDONALD

BRITAIN WILL be lucky this year to attract 12½m overseas visitors, the same number as in 1979, said Sir Henry Marking, chairman of British Tourist Authority, yesterday.

The strength of the pound, relative weakness of the dollar and continuing inflation in the UK have combined to make Britain more expensive, particularly for American tourists, said Sir Henry.

He forecast that per capita spending of overseas visitors was likely to be down although total tourist earnings this year were expected to be between £3.7bn and £4bn in foreign currency—a fall in real terms because of inflation.

Last year tourism earned about £3.5bn.

"In the longer-term I am hopeful that we shall see steady, if small, increases in the number of overseas visitors coming to Britain.

"But I certainly do not expect to see the large increases we saw in 1977, when the pound was at a very low ebb and Britain was a very cheap place to visit from overseas."

Pressures

There would be a continuing need throughout the 1980s for additional accommodation in all price categories in all parts of the country, but Sir Henry emphasised the importance of "budget" accommodation.

Over 80 per cent of the hotel business was in the hands of small hoteliers. "They are therefore, small businesses which have to suffer particular financial pressures.

"The fire regulations pressed, and continue to press, very heavily on them; they have to pay commercial rates and a high rate of VAT. In all these things they are put at a financial disadvantage to, say, the owner of the bed-and-breakfast establishment.

"So I hope something can be done to ease the particular burdens on the small hotelier."

The next two years would be difficult for tourism, but Sir Henry stressed that it "must invest more, not less, to ensure future success."

Lonrho document ruling today

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

LONRHO'S CHALLENGE to a Crown privilege claim for documents relating to alleged Rhodesian sanctions busting will be ruled on by a High Court judge today.

The company, which is engaged in a £100m legal battle against 29 oil companies, including Shell and BP, has said the documents are crucial to its case.

But last month the Foreign Office said that the documents, part of the Bingham inquiry, could not be disclosed on the ground that it was in the public interest they should remain confidential.

Lonrho's challenge to the privilege claim was heard in private by Mr. Justice Robert Goff last week. His decision was communicated in confidence to the parties yesterday and will be made public today.

Whatever the outcome, the matter will almost certainly be taken to the Court of Appeal, and then to the House of Lords.

It will be preceded to the Lords by Lonrho's appeal against rejection of its claim to see other documents—belonging to Shell and BP's subsidiaries in South Africa and Rhodesia—due to go before the Law Lords on April 21.

Last month the Appeal Court upheld Mr. Justice Robert Goff's refusal to grant Lonrho an order compelling Shell and BP to disclose the subsidiaries' documents.

Lord Denning, the Master of the Rolls, and two other appeal judges held that the oil companies had no power to compel disclosure.

The subsidiaries' directors had refused requests to produce the documents on the grounds that it would not be in the subsidiaries' interests to do so, and that production might result in prosecution under local laws prohibiting disclosure of strategic information to people outside the two countries.

Lord Denning suggested that in the 180,000 documents already produced by Shell and BP there should be ample material for Lonrho's purposes.

The Appeal judges gave Lonrho leave to appeal to the Lords, on condition that every effort was made to ensure an appeal did not impede preparations for an arbitration of Lonrho's claim against Shell and BP, fixed for June.

In its legal battle against the 29 oil companies, Lonrho alleges breaches of a 1962 agreement under which it was to construct a pipeline from Beira, in Mozambique, to Rhodesia, through which the oil companies agreed to channel all their supplies to Rhodesia.

Lonrho also alleges a conspiracy between the oil companies and the illegal Rhodesian regime to ensure the success of UDI by the continued supply of oil by means other than the Lonrho pipeline.

The oil companies deny the allegations.

In January 1978 a High Court judge ruled that the claim against Shell and BP must be dealt with under an arbitration clause in the 1962 agreement, not by a public court hearing.

There is no sign of Lonrho's claim against the remaining oil companies coming to court. The company is probably awaiting the outcome of the arbitration before pursuing it.

Gaming club 'kept false accounts'

A RAID on London's Victoria Sporting Club by police and Gaming Board inspectors revealed that top management was breaching provisions of the Gaming Act, not keeping proper books of account and indulging in false accounting, a London licensing committee was told yesterday.

Mr. John Blofeld, QC, said the raid on the Edgware Road casino in December 1978 went like clockwork. Management co-operated with the police and Gaming Board inspectors, who went through the casino premises and took possession of a vast quantity of documents.

Mr. Blofeld opened the case for the Metropolitan Police who, together with the Gaming Board, are asking North Westminster Gaming Licensing Committee to revoke the club's gaming licence and effectively close it.

The move is being resisted by the new club owners, Playboy's Victoria Casino, part of Mr. Victor Lownes' Playboy Clubs International organisation. Mr. Lownes acquired the club as part of a £6m deal for Norwich Enterprises, the private gaming business run by Mr. Cyril Levan, at the end of August last year.

Mr. Blofeld said the proceedings to cancel the club licence resulted from a raid which took place in the early hours of December 8C, 1978. He said that a large number of club employees were interviewed and a number of senior managements were interviewed under caution.

Mr. Blofeld said the committee was no doubt aware that criminal proceedings were being taken against certain persons connected with the Victoria Sporting Club. It was the management who were breaching provisions of the Gaming Act, not keeping proper books of account and indulging in false accounting.

Mr. Blofeld said among the main allegations against the club was the unlawful extraction of part of the gross profits known as "skimming." There were two different ways of skimming. One was by managements on profits from gaming which was pocketed and not shown in any book.

"We are able to demonstrate from an analysis of the record available for blackjack that skimming from January, 1977, to December, 1978, amounted to £316,000," he said. An accountant for the Gaming Board had estimated that the total skim during that period, including blackjack, was in the region of £1.8m, taking a conservative figure.

Mr. Blofeld said the second way was referred to as domestic skimming—the payment of overtime and bonus to gaming staff out of gross profits at the end of the evening. This, too, never entered into any book.

The hearing continues today.

Background music venture planned

BY ARTHUR SANDLES

PHILIPS ELECTRICAL and British Relay Electronics are to join forces in the British background music business. The market is dominated by British Electric Traction interests, notably Rediffusion.

British Relay will take over the marketing of Philips background music in the UK. The Dutch company labels its product Philip Fumu. Philips is a major force in Western European markets but has so far failed to make an impression in the UK.

For an average annual rent of £234, British Relay will supply cassette equipment and keep it fed with material suitable to the location. Through British Relay, the Philips organisation will offer nine Fumu programmes, ranging in mood from "classics" to "Jeans."

Each programme is updated so that customers or workers do not become too familiar with them. British Relay will join the ranks of companies trying to convince British industry, commerce and retailing that background music keeps workers happy, increases production and boosts sales.

Before taking the marketing role, British Relay commissioned a market survey which showed that 73.9 per cent of people preferred music at work, 13.8 did not mind, 5.5 did not like it very much, and 5.2 per cent did not like it at all.

Retailers' hopes for pre-Budget spree fade

By David Churchill, Consumer Affairs Correspondent

RETAILERS' hopes of a traditional pre-Budget spending spree in the next few weeks appear to be receding. They expect consumers to stock up only with cigarettes and drinks in advance of the widely-forecast duty increases in the Budget on March 26.

This is in contrast to the weeks before last June's Budget, when sales jumped a record 6 per cent as consumers anticipated an increase in VAT.

But although retailers may not expect a sales boom before the Budget, the pessimistic forecasts for the rest of the year may be overdone.

The Retail Consortium, which represents most British retailers, says in a report published yesterday that "the retial trade is both strong and efficient."

But in the short term, the lack of any pre-Budget stimulus to general sales will affect retailers.

The only buying incentive many expect is a fear among consumers that controls of personal credit schemes, including hire purchase, may be tightened.

The overall pattern of retailing still appears confused. It is clear that some workers are still prepared to spend heavily on consumer durables. The Rumbelows electrical appliances chain, for example, said yesterday its sales in January and February were a quarter higher in real terms than last year.

Consumers with spending power appear to be those who have received large pay settlements but who do not have larged fixed commitments such as mortgages or credit card repayments. This is benefiting the more down-market stores, such as Tesco, Woolworth, and British Home Stores.

Many retailers, especially in clothing and footwear, have been continuing their January sales into March.

Coal industry faces weak year, says Ezra

BY MARTIN DICKSON, ENERGY CORRESPONDENT

LOWER ELECTRICITY demand than expected and the steel sector's problems meant that the coal industry this year faced a market "showing signs of weakness," Sir Derek Ezra, chairman of the National Coal Board, said yesterday.

He told a meeting of the Coal Industry Society that this was ironic when deep-mine coal output and productivity was improving.

The depression in the economy and a comparatively mild winter had reduced demand for electricity and this would have an impact on the amount of coal used to fuel power stations. The steel strike had hit demand for coking coal.

"What all this means is that we are going to have to face up to a serious market situation in the current year."

His remarks follow a warning last Friday by Mr. Glyn England, chairman of the Central Electricity Generating Board, that the economic recession meant electricity sales might fall in the coming year and possibly remain static or grow slowly for several more years.

But Sir Derek said all the coal industry's performance indicators for the financial year ending next month were in the right direction.

Deep-mine output would show an increase of more than 3m tonnes on 1978-79, the first real year-on-year increase since 1963. Productivity overall was likely to be up about 2 per cent and absenteeism down by about 12 per cent. The loss of coal through disputes had almost halved and financially the NCB was "about on target."

Looking to the future, he said the world coal industry would have to progressively take over "the load that oil has got to shed." The industry had a three-stage plan to achieve this.

The first was to replace oil by coal by straight substitution wherever this could be done, such as in the electricity industry. In the past year, 8m tonnes more coal had been used under power station boilers than in the previous year, a rise of 10 per cent.

The second stage was to improve coal combustion techniques so promoting the fuel's use by manufacturing industry and in the home. The third stage was converting coal into liquid fuels and gas.

"If there is a growth industry in Britain and the world today, it is coal," he added.

Protected mortgages 'worthwhile'

By Michael Cassell

BUILDING SOCIETIES could consider offering for a limited period some form of mortgage interest-rate protection to first-time buyers, Mr. Leonard Williams, chairman of the Building Societies Association, said yesterday.

Mr. Williams told Cardiff Business Club that although the cost of home loans was running at a level well below the rate of inflation, many people who bought homes two or three years ago now faced 60 per cent rises in net mortgage repayments.

He said that societies could perhaps do more to accommodate what he described as "an uncomfortable situation," and pointed out that some had already introduced a system of changing borrowers' repayments on an annual basis. This method, he said, could provide a badly-needed breathing space when interest rate rose rapidly, albeit at a cost to the societies in terms of reduced cash flow.

Another solution, he said, might be for societies to offer some kind of interest rate protection for first-time purchasers which could last for one or two years, after which their earnings were likely to have risen sufficiently to enable them to meet any higher repayments.

He said: "Such a system would be expensive for societies and would probably require a more flexible and possibly wider operating margin, but this could well be a price worth paying to retain the overall advantages of the variable rate mortgage and an adequate flow of mortgage funds at times of high interest."

Mr. Williams said that, despite the continuing diversification of building society investment services in an attempt to gain a larger share of personal savings, the societies were "a long way from becoming banks."

Small brewers plan loans for pub landlords

BY GARETH GRIFFITHS

A SCHEME to give cash discounts and loans to public house landlords is planned by the Small Independent Brewers' Association.

The 40-member association hopes to arrange a deal with a finance house to provide funds. Money could then be lent for installation of bar equipment. In return, landlords would stock the brewers' product.

The small brewers, most of which supply a limited number of local public houses, argue that at present the financial system of tie loans in the industry is weighted heavily against them.

Mr. James Lynch, the association's secretary, stressed yesterday the plans were provisional, but would help redress the balance. The scheme will be discussed at the association's first full meeting in three weeks.

"We will be approaching a finance house to have discussions over a fund to provide loans for landlords. Obviously it will be on a small scale," he said.

The small brewers feel they could be squeezed out of the market altogether because of increased competition in free trade outlets in pubs and clubs.

The association believes that small loans and a combined advertising campaign will boost its members' share of the market.

The association was set up in January by brewers too small to be considered as full members of the Brewers' Society. It has asked for a meeting with Mrs. Sally Oppenheim, Consumer Affairs Minister, later this month to discuss Government policy on the brewing industry.

Brokers see brighter outlook for textiles

BY LISA WOOD

HOPES that the depressed state of the textile industry will be alleviated by the end of 1980 were expressed in a review of the industry by stockbrokers Phillips and Drew.

The report says that the industry, which was "in the grip of a severe recession" at the end of 1979, is likely to face a very depressed period in the first half of 1980, but in the second half, there "are hopes that the worst will be over."

It says the causes of the industry's decline in profitability centre around the severe effect that the strength of sterling and high interest rates are having on this traditionally import-sensitive, volatile and, in some areas, cash-starved industry.

Import competition has been particularly acute from the U.S., which as a result of its cheap oil-based raw materials has emerged as a new low-cost supplier of synthetic textiles. The report says: "Moreover, with considerable uncertainty about the outlook for consumer expenditure in 1980, a major de-stocking recession is under way."

In discussing the prospects for the late 1980s the report says that lower interest rates, an easing of the running down of stocks, and the possibility of some sterling weakness or import protection will help.

Phillips and Drew: Industry Review, February, 1980.

Ulster minority talks

BY STEWART DALBY

THE CONSTITUTIONAL conference on Northern Ireland began yesterday to discuss items on the 14-point agenda which many consider the crucial issue, the role of the minority in the future legislature.

It had been expected that the Rev. Ian Paisley, Democratic Unionist Party and main Unionist representative, would give his plans for protection of the Roman Catholic minority, having last week formally rejected a role for it in a fully developed executive-led assembly.

Surprisingly, he tried to force the pace by submitting a paper discussing the role of the minority, right of appeal, and a Bill of Rights.

If the conference decided to expedite discussion of these topics in the next two days it would reach Point 11 of a 14-point agenda.

Only Mr. Paisley's party has made these points.

Ford explains 250 lay-offs

FALLING DEMAND for large cars in Europe has been blamed for 250 lay-offs at the Ford plant at Halewood, Merseyside.

Ford said yesterday that workers at the heavy gearbox assembly line had been laid off for three weeks because of decreasing sales of the company's Granada and Capri models on the Continent.

Workers at the Ford plant in Cologne, Germany, where the two models are assembled, have just recently returned to work after several weeks of lay-offs.

Ford said the lay-offs had "nothing to do with the UK market" but reflected the general decline in demand for larger cars. Opel of Germany, for example, has also been laying off workers at their plants where the Opel Senator and Opel Monza are assembled.

The heavy gearbox assembly workers at Merseyside make up a relatively small percentage of the total Halewood production force—of about 14,000—who are working normally.

The laid off workers will receive 80 per cent of their pay supplied under the company's lay off plan.

Licensee pays £500 for Elvis Presley memento

A NAPKIN signed by Elvis Presley was bought by a London licensee, Mr. Brian Brodie, for £500 at Sotheby's yesterday. The high price owes much to the fact that the napkin came from the Riviera Hotel in Las Vegas, where the singer gave his last public performance.

Mr. Brodie also paid £480 for a collection of early Beatles photographs, many of them autographed, and £222 for four U.S. dollar bills, each signed by a different member of the Beatles.

The Scriptorium, a Beverley Hills dealer, paid £220 for a collection of letters and autographs of the Rolling Stones, and a New York buyer bought a signed photograph of The Beatles drinking tea for £160.

These items were part of a sale of letters and manuscripts which totalled £25,409 on its first day. The top price was £680 for over 600 deeds from the county of Kent. A snuff box in horn, presented by Nelson to Admiral Sir Charles Bullen, made £650. Christie's sold Samson porcelain, originally factory models for the Samson showroom in Paris, for £23,013. Wright, the London dealer, paid £850 for an octangular dish painted in the Kakiemon style, and Marchant gave £650 for a polychrome oviform fish bowl.

The most valuable stamp in the world, the British Guiana 1856 1 cent magenta, is on view at Stanley Gibbons in London on March 19 and 20 by prior appointment with the chairman.

The stamp, which is to be auctioned by the Robert A. Siegel galleries in New York on April 5, was originally discovered by an English schoolboy in British Guiana, in 1873, and sold for 6 shillings. The last time it appeared at auction, ten years ago, it sold for U.S.$284,000.

SALEROOM

BY ANTONY THORNCROFT

New Bill soon on education for handicapped

LEGISLATION would be introduced soon to allow local authorities more flexibility in providing special education suited to children with physical, mental, emotional or other difficulties, said Mr. Mark Carlisle, Secretary for Education and Science, in the Commons yesterday.

Greater flexibility was recommended by the Warnock Committee on special educational needs, which reported in 1978.

At present 10 categories of children are officially deemed to require special educational treatment.

They are the blind; partially-sighted; deaf; partially-hearing, educationally subnormal; epileptic; maladjusted; physically handicapped; speech-defective; and the delicate.

Good Food Guide awards 19 distinctions

BY ARTHUR SANDLES

THERE HAVE been some ups and downs in the standards of British catering, if the latest edition of the Consumers' Association Good Food Guide is to be believed. Several restaurants have lost their guide distinctions and several new ones have been added.

Three properties in the British Isles win the Good Food Guide triple crown of distinction for cooking, hotel keeping, and wine lists. These are the Connaught Hotel in London, the Miller Howe at Windermere (Cumbria) and the Arbutus Lodge in Cork in Ireland. The 1980 guide has more than 1,000 entries in 560 pages. It is written in its usual oddly distinctive style, which to some extent reflects the eccentricities of its editor, Mr. Christopher Driver.

The publication of the guide coincides with another Consumers' Association venture, the Good Hotel Guide, which has been running for some time but has come under the wing of the association only this year.

The hotel guide is similar to the food publication, but is much broader geographically in its scope, taking in much of Western Europe, and offering a selection of hotels which tends to be rather eclectic in its nature.

"Contrary to what some people believe, good hotels cost no more than second-rate ones," says the editor Mr. Hilary Rubinstein. "In any price range, you can get wonderful value for money or a rotten deal."

The hotel guide tends to ignore the larger, grander properties and head instead for operations which offer intimacy and a high quality of service. In London, it mentions hotels with accommodation for considerably less than £20 a night for bed and breakfast, and among the larger properties in the capital, it considers the Atheneum, the Connaught and the Montcalm as worthy of custom.

Good Food Guide, Consumers' Association, price £5.95, Good Hotel Guide, £4.95.

NEW LORRY STRIVES TO REGAIN GROUND AT HOME, AND TO CONQUER EUROPE

Leyland's hopes ride on the T45

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A COMPANY seldom has so much as stake with a new product as Leyland Vehicles has with the T45 truck range being launched today.

Leyland's future is firmly linked with its ability to keep a steady stream of T45s coming off the production line at its new £32m assembly hall in Lancashire and its ability to present its customers with a product at least as durable and reliable as the trucks from its many competitors.

Leyland is not merely launching a lorry range today. It is relaunching itself as a company.

Mr. David Abell, the company's managing director, says: "T45 is disproportionately important for us. It is our first new truck for many years. If it falls on its nose it would give morale a big knock."

T45 is sometimes described as Leyland's "truck for Europe." But the Continental launch will not take place until 1982. Its first job is to win back lost ground in the home market.

Since 1973 Leyland has steadily lost ground in the UK, dropping from a 30.1 per cent market share to only 17.5 per cent last year, the worst performance in its history.

The truck importers have benefited. In 1973 they had only 7.5 per cent of the UK market, but by last year this had risen to 23.2 per cent. Volvo of Sweden led the way, but in recent years other Continental manufacturers such as Daimler-Benz (Mercedes), Magirus-Deutz, Fiat and Scania have had major successes with heavy trucks.

For most of the time since 1973 the combined sales of other UK truck makers actually rose slightly—from 62.4 per cent to 62.9 per cent at the end of 1978—the share fell away last year because the UK industry was taken by surprise by the exceptionally high demand.

Mr. Abell says there is only one conclusion to be drawn from the statistics: "The importers' increases were made entirely at our expense."

During this fall from grace, Leyland suffered a combination of difficulties. Its parent, then called British Leyland, had a car business in poor shape and cash was siphoned off the truck operations in a way which left little for re-investment.

Some of Leyland's lorries developed a poor image, and those in demand often could not be supplied in the right numbers or at the right time because of production problems.

And the supply of spare parts for Leyland trucks attracted criticism while the importers were making great efforts to provide the best possible service for their vehicles.

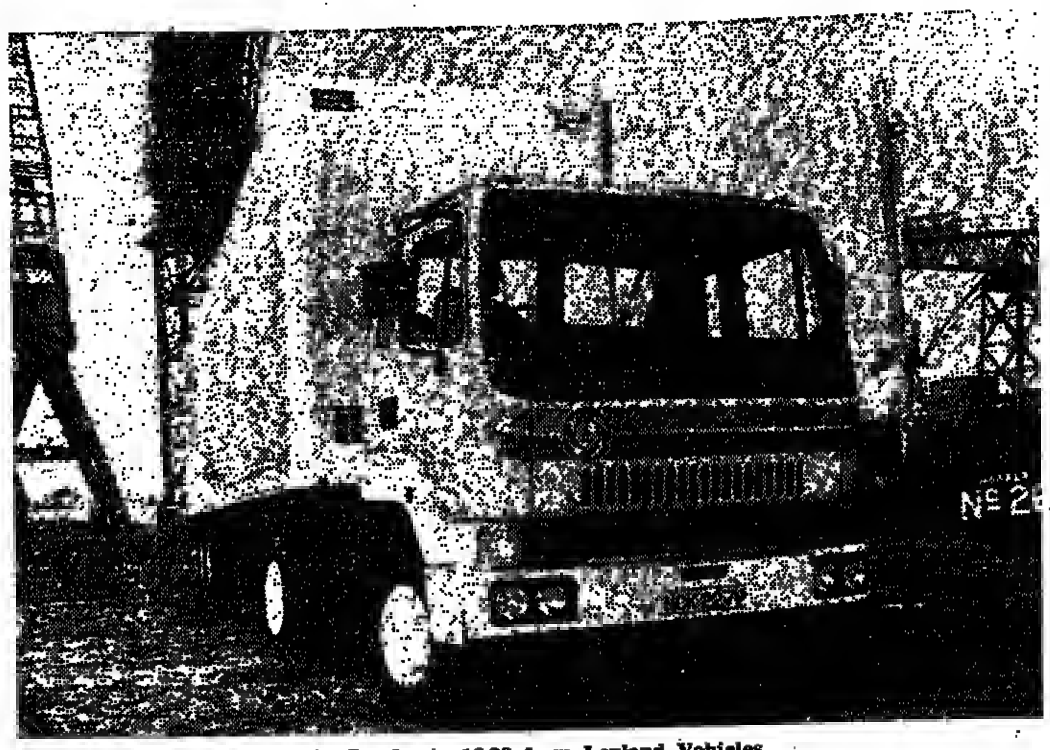
Before the Continental launch in 1982, therefore, the whole T45 range will become available in the UK. Eventually it will cover two- three- and four-axle rigid vehicles for general haulage and tipping operations and two- and three-axle tractive units.

The gross weight range will be between 16 and 66 tons and will include certain larger specialist vehicles.

First to be launched—the top-of-the-range "flagship"—is a 38-40 ton tractive unit. Four more versions will take the weight range down to 24 tons by the end of 1980 and down to 16 tons by 1982.

Leyland will give different names to the various models. The first is called Roadtrain.

The T45 launch was delayed several times because the company realised it must get it right first time. For example, there will be more than 200 Roadtrains at Leyland dealers ready to take the road today. Compare this with the previous truck launch of the Marathon in 1973—when only 10 were available on launch day.



The Roadtrain 16.28 from Leyland Vehicles

Leyland has been building T45s for eight months and output will parallel the increase of production at the new assembly hall. The aim is to keep output at about 100 a month, giving roughly 1,000 trucks in 1980.

To put this in perspective, Leyland's heavy truck output in Lancashire in 1979 reached 3,941, out of a total 13,794 vehicles of over 3.5 tons produced by the company. The medium and lightweight trucks which make up most of the volume are made at Bathgate in Scotland.

If T45 is a success—and initial Press reaction has been highly favourable—it would be bound to hit the sales of other, smaller UK-based producers such as ERF, Foden and Seddon Atkinson, as well as importers.

The launch delay has cost Leyland the chance to ride on the crest of record demand for trucks last year. A sharp drop in sales is forecast this year from around 77,000 to 65,000 heavy trucks. But at least the competitive atmosphere will give the new range a proper chance to prove its worth.

Roadtrain, the first version of T45, is aimed at the premium sector, which accounts for about 11 per cent of UK sales and involved 9,000 trucks last year. This sector is dominated by importers, by Volvo in particular, and Leyland's share in 1979 was a meagre 6.5 per cent of 600 vehicles.

Yet when the T45 project first got under way in 1974, Leyland was outselling its nearest rival in the premium truck sector by two to one.

The use of modules and other component rationalisation has enabled Leyland to halve the Marathon's assembly time for Roadtrain. Marathon will continue to be produced and sold as long as there is enough demand.

The engine to be used in Roadtrain is a revised version of the TL12 power unit used in the Marathon. It has been improved to give a 10 per cent drop in engine-rated speed without any loss in output. The torque has been increased by 10 per cent. The changes have raised the life of the engine from 240,000 kilometres to 400,000.

The engine is now also being produced at Leyland after transfer from the old AEC plant at Southall. More than 200 have been stockpiled.

But the use of many existing components has given Leyland's competitors the chance to speculate about whether T45 is far enough ahead of the Marathon it replaces. They suggest that Roadtrain's weight is not much below that of Marathon, and wonder how there can be much reduction in operating costs between the two. The initial price of a heavy truck accounts for only one-tenth of the cash it will consume during its lifetime.

The question of whether Leyland is leaping ahead of the competition rather than just catching up is particularly important in considering the eventual launch on the Continent.

There T45 will face a growing number of good truck makes—all widely distributed. So far Leyland has made little progress in setting up a Continental sales and service network.

Leyland will have to cope with a great deal of chauvinism. In France six out of every 10 new trucks registered are bought from French companies; in West Germany 92 per cent are purchased from local concerns. And in some countries, such as France and Holland, there is market resistance to any truck built in Britain.

It took Volvo 15 years to win 8 to 9 per cent of the tractive unit market in France and the Swedish group was able to get that far only because of legislative changes and because a motorway construction boom pushed hauliers towards heavier trucks.

Ford launched its Transcontinental heavy truck five years ago, put a great deal of promotional effort behind what is basically a good vehicle, but so far has got hardly anywhere. "Dollars won't buy you entry to Continental truck markets," observed one of Ford's rivals.

"To get into Continental markets you must have an outstandingly better product, or financing arrangements, or service back-up. Otherwise why should hauliers, who are very conservative characters, give up buying the trucks they know? They know how much they cost to run and how much they will fetch when they sell them."

Mr. Abell admits: "Getting into Europe is one of the biggest single problems we have. But a great deal is going to happen within the European truck industry between now and 1982. The structure is going to change dramatically. Some gaps might open up for Leyland."

Design Council award won by C40 cab

BY JOHN GRIFFITHS

LEYLAND Vehicle's T45 lorry range, which makes its debut today, has won an immediate commendation from the Design Council.

The C40 cab fitted to the range is given one of seven awards made by the council this year to the motor industry.

Other awards go to an electric truck; a portable electronic wheel aligner and a refrigerated trailer for bringing home the bacon from Denmark.

The C40 system was developed by Leyland and Motor Panels of Coventry, with Ogle Design as consultants on body shape and interior design. It won the council's praise because at least 60 per cent of common components are being used for cabs to be fitted to lorries ranging from 6.5 tonnes to 65 tonnes and, in some specialist applications, up to 200 tonnes.

It was also commended for being "much less aggressive" in appearance than its predecessors—this was given high priority by Leyland in the design—and for its aerodynamic shape with, said the judges, "its obvious performance and fuel economy benefits."

Other touches were praised for "attention to detail in a thoroughly practical design." These are a driver's seat with its own suspension, access steps lighted at night, a radiator grille doubling as an access flap for systems checks, and the cab's ability to tilt to 65 degrees for a "straight out" lift of the engine.

The common thread running through the judges' choices was the flexible use of specific components.

Four awards came within this category: Leyland's for its cab parts commonality; an exterior vehicle mirror developed by Britax (Wingard) of Chichester in which the mirror silvering doubles as a heating element; the electric truck, on which the electric motors act as a differential; and a vehicle cable system in which the protective outer cable is threaded to provide adjustment.

The last device has stirred considerable interest in the motor industry. Made by Bowden Controls of Llanelli—home of ubiquitous Bowden control cable in use since the late 19th century — it was patented in 1975.

Although it is now fitted on most Ford model handbrakes, it is only recently that the company—which has 60 per cent of the UK vehicle cables market, mostly of the traditional Bowden type — has started a serious drive for wider markets.

Bowden is establishing a plant at Cauvigy, north of Paris, to make the new cables, initially at 1m a year. So far 4m have been produced in the UK and current output is 2½m a year.

LEYLAND'S CAB won the council's praise because at least 60 per cent of common components are being used for cabs to be fitted to lorries ranging from 6.5 tonnes to 65 tonnes and, in some specialist applications, up to 200 tonnes.

It was commended for being "much less aggressive" in appearance than its predecessors and for its aerodynamic shape with "its obvious performance and fuel economy benefits," the judges said.

It recently won its first contracts to supply the cables to Renault — clutch cables from Llanelli for the R18 and, from Cauvigy, to produce handbrake cables for the R14. The company is also discussing the cable's use by Talbot, and by Ford and Chrysler in the U.S.

Officially called Bowdeness conduit, it arose from the motor's industry's increasing demand for longer adjusters on cable assemblies to simplify clutch and handbrake installation.

The award-winning system has a single nut locking system and, says Bowden, costs less to make than the conventional type.

In the Britax mirror, power leads are connected to the silvered surface after an element pattern is etched in the glass. The mirror is returned to its standard casing, which is drilled to allow the wires to be connected to the ignition system. Ice formed at —20 deg. C can be cleared in four minutes.

There is pilot production of 5,000 mirrors a year in Sussex, most being fitted to part of Bedford's truck range. Britax is also working on a mirror for Rover cars, also as original equipment.

The Elektruk, designed and built by AWD Electric Vehicles of Glasgow, sells at a basic £3,252, including batteries. Designed as a low-cost platform vehicle for work in confined spaces, it has a turning circle of about seven feet. The rear wheels are driven by electric motors through reduction gearboxes and chains.

So far, 35 have been built for uses ranging from carrying delicate electronic test equipment to litter collection in Swindon.

Ess-Food, the Danish bacon suppliers, set semi-trailer makers the task of designing and building a unit able to carry 35,200 lbs of bacon within Britain's 32-ton gross weight limitation, compared with the 22,000-lb maximum load of its existing refrigerated semi-trailer units. The Taskold, built at Sheffield by Craven Tasker, won the contract against considerable European competition. Ess-Food has since commissioned 402 vehicles.

Of the two remaining award-winners, the one the public is likely to have most direct contact with is the Baselite traffic bollard. On trial with several local authorities since early last year, it has a lighted base unit, most of which is sunk into the ground.

If hit by a vehicle, the bollard shell is knocked over without significant damage to the most expensive part of the unit or to a vehicle. It is made by Haldo Developments of Bury St. Edmunds.

The last award went to an electronic wheel aligner designed by TI Research Laboratories of Cambridge and Allied Industrial Designers of London, and made by VL Churchill, part of TI Transport Equipment.

THE JOBS COLUMN

Surely someone, somewhere wants to manage

BY MICHAEL DIXON

HAVING tracked down an obviously suitable quarry in New York, Paul Kiernan, one of the most experienced head-hunters in the business, made him the offer as follows:

A United Kingdom group of international scope wants a managing director for a subsidiary commodity-broking group headquartered in London but with several branches overseas. The newcomer's main task is to manage the further growth of the 100-employee operation. Salary negotiable from £30,000, plus bonus on results, plus opportunity of equity stake, plus perks including car.

The carefully chosen quarry did not hesitate. "Me?," he replied. "Be a manager? I'm going to make half a million dollars this year trading on commission. I don't want to manage anything."

Back, empty-handed, in his Loodon offices, Mr. Kieroan lets out a great whoop of laughter.

"Mind you, I don't reckon that trader is going to make half a million this year. Probably he was exaggerating just a little—maybe by 100 per cent or so. But it does show the dilemma you're in with a job like this."

Although he was not tactless enough to say so, his story also explains why he has now brought the post to the Jobs Column which, not being proud, is happy to acquaint readers with the opportunity.

Candidates need to have bad enough first-hand experience of commodity trading to understand the sharp-end operations of the business and manage the specialist staff who conduct them. But the over-riding ability to run and develop the subsidiary group must be substantiated by a record of success in managing a sizeable business operation.

The quoted age range is 35 to 50, and provided they are fluent in English, candidates could come from anywhere. The most likely source of recruits, Paul Kiernan thinks, is "Number Twos in the field, who are blocked by a good top manager who won't be quitting for years—they're the people who are the main *raison d'etre* for the headhunting business."

Inquiries to him at Kiernan and Co., 23, St. James's Square, London SW1A 1HE; telephone 01-839 7384. As always, applicants who so wish will not be identified to the un-named employer until permission is given.

Expander

AS A CHILD in the cotton districts around Manchester, I was often fascinated to see two women seated at opposite ends of a crowded, noisy bus-top, conversing with one another by a method known as "mee-mawing." It consists of the silent, slow motion, exaggerated mouthing of words, and seems to have been developed by workers in textile mills who had no hope of hearing each other above the stupefying clatter of the machinery.

Since the un-named company offering the next job has played an important part in making textile machinery quieter as well as enormously faster, I would like to propose a subsidiary "social" project to whoever becomes its new managing director, even though he or she will be based in Germany. The project is to take the lead in sponsoring a filmed record of mee-mawing. Otherwise, I suspect, this once highly developed industrial skill will soon be lost to the world.

The post, which is being offered through Michael Wood of Search and Assessment Services, is with the textile component subsidiary of a big Continental group. Because the company believes it has the technology to cope with the extremely high-speed operations now demanded in textiles, the new managing director is expected to head the major development of new products and expansion of the business.

Candidates, preferably aged in the early 40s, need to be qualified in finance, marketing or manufacturing, and to have some knowledge of textile technology. Broad business capability must be demonstrated by several years of success in senior management in an international manufacturing concern. The person wanted will be able to combine strong and positive leadership, with effective delegation. And skills in selecting and training employees are also highly valued.

As well as being fluent in English, candidates must be fully proficient in German and have gained first-hand experience of working with German trades unions, and thorough knowledge of the country's laws and culture generally. So while the job is open to such "culturally-transferable" managers from anywhere, people of German, Swiss or Austrian origin may well have an advantage.

The newcomer will be entirely in charge of the profitable running and development of the textile-component company, within budgets and guidelines agreed with the group managing director. The "expansionist" pact of the job will include exploring the possibility of co-operating internationally with appropriate leading companies in other countries.

Rewards are negotiable around DM 150,000, which represents a bit more than £37,000 at current exchange rates. I am told that perks include "very good" pension and insurance schemes. Costs of moving to the base, on the fringe of the Black Forest, will be fully covered.

Inquiries to Michael Wood at SAS, 23 High Street, Banbury, Oxon OX16 8EG; telephone 0295 59885 during the working day, and 0295 721420 at other times.

Board prospect

WERE it not for the fear of being banged as a traitor at Lancaster Castle, I would confess that Yorkshire's Leeds is a city which I find highly congenial. So I am pleased to pass on news of a job there, which is being offered through John Featherstone of the Hoggett Bowers recruitment consultancy.

The post is a new appointment with a company which he is anxious not to identify. This means that, like Messrs. Wood and Kiernan, John Featherstone guarantees to bonour any applicant's request to have his or her name withheld from the employer. It also means that he may not be specific about the three main types of products of the company concerned, which is 15 years old, family owned, and run by the founder who is aged about 40.

All that may be said is that the company manufactures and assembles "industrial consumer products" for process industries such as chemicals, gas and so on.

With about 110 employees to date, the company now wants to appoint someone aged in the early 30s as a financial controller, on the expectation that the recruit will earn a seat on the Board within two years. Responsibility will be directly to the founder cum chief executive.

"We're not interested in anyone who hasn't got a right good professional and management pedigree," Mr. Featherstone says. "We'd prefer applicants to be graduates. But that doesn't matter as much as their being chartered accountants who served articles with one of the top 20 firms. Since qualifying they'll have to have had experience in an engineering industry, and we'd like this to have been in a company that's well known for good, highly commercial management habits. They'll already be as a minimum at assistant-chief-accountant level, and they will appreciate the importance of marketing."

He adds that, although the newcomer will not be directly responsible for computing, which is run as a bureau operation, candidates should have enough knowledge to share the chief executive's enthusiasm for putting computers to good use.

Starting pay about £15,000. Perks include a car. Application forms from John Featherstone at Minerve House, East Parade, Leeds LS1 5RX; telephone 0532 448661.

£6,000 accountancy appointments £9,000

These advertisements appeared in the Financial Times on 26th February, 1980

Job Title	Salary	Location	Advertiser
Auditing	£12,000 + Car	London	Robert Half
Qualified Accountant	£12,000 + Car	C. London	Robert Half
Recently Qualified ACA	£9,500	City	Robert Half
Promotable ACA	£9,000	London	Robert Half
ACA	£8,500	Surrey	Robert Half
Newly Qualified Accountants	£8,500 £16,000	Various	MCS/Robertson Scott
Experienced Internal Auditor	£6,000 Neg	City	Portman Recruitment Services

For further details of these advertisements please see the Financial Times of that date or telephone Sally Stanley on 01-248 5597

COMPANY NOTICES

ASEA AKTIEBOLAG
Västeras, Sweden

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Shareholders will be held in Västeras, in the Prisma Cinema, Stora gatan 21, at 4 p.m. Monday, March 17, 1980.

Items:
The agenda will only include the items stipulated in the Swedish Companies Act and the Articles of Association.

Proxy:
At the Meeting everyone entitled to vote may do so for the full number of shares he owns or for which he has the right to vote as the representative on behalf of the owner or owners.

Notification:
Shareholders wishing to participate in the Meeting must be recorded in the Share Register maintained by Värdepappers-centralen VPC AB (Swedish Securities Register Centre) no later than Friday, March 7, 1980 and must also notify the Board of Directors, ASEA AB, S-721 83 Västeras, Sweden, no later than 12 noon, Wednesday, March 12, 1980.

Shareholders whose shares are held in trust by banks or other trustees must temporarily reregister the shares in their own names no later than March 7, 1980, in order to be eligible to vote at the Annual General Meeting.

Dividend payments:
The Board has proposed Wednesday, March 19, 1980 as the record day for the dividend. If the proposal is approved by the Annual General Meeting, it is expected that the dividend payments will be mailed by VPC on Wednesday, March 26, 1980. Shareholders possessing old share certificates will not be able to receive dividends until the old share certificates have been exchanged for new VPC share certificates.

Västeras.
By Order of the Board.
February, 1980.

RENOWN INCORPORATED

NOTICE TO EDR HOLDERS

This is to notify EDR Holders that at a meeting held by the Board of Directors of the Company, it was recommended that a dividend of Yen 10 per share, corresponding to annual dividend rate of 20 per cent should be paid to all EDR Holders on record as at 31st December, 1979 upon presentation of Coupon No. 5 on or after 29th March, 1980. The General Meeting of the Shareholders will be held on the 25th March, 1980 to approve the recommendation.

ROBERT FLEMING & CO. LIMITED
Depositary.

London.
4th March, 1980.

AMERICAN EXPRESS COMPANY (CDRs)

The undersigned announces that as from 14th March 1980 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, Div. cp. no. 7 of the CDR's American Express Company, each repr. 5 shares will be payable with Dfls.3.68 net (Div. per record-date 1.4.1980: gross $-.45 p.sh) after deduction of 15% USA tax = $-.3375 = Dfls. -.85 per CDR.

Div. cps. belonging to non-residents of The Netherlands will be paid after deduction of an additional 15% USA-tax = $-.3375 = Dfls. -.65) with Dfls. 3,03 net.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam.
25th February 1980.

AALL & COMPANY LIMITED INC.

NOTICE IS HEREBY GIVEN that the Annual Stockholders Meeting of the Company will be held at The Plaza Athenee Hotel, Avenue Montaine, Paris at 2.30 p.m. on the 16th April 1980 for the purpose of:

1.) Considering and approving the election of Directors.
2.) Approving the accounts for the year ended 31st December 1979.
3.) Considering the Agenda and such other business as may come before the Meeting.

A registered Stockholder entitled to vote at the meeting may appoint a proxy to attend and vote for him provided the form of proxy reaches the undersigned not later than 24 hours before the meeting.

By Order of the Board.
MICHAEL NASH, Secretary.
AALL & COMPANY LIMITED INC.
The Aall Building,
North Church Street.
P.O. Box 832,
Grand Cayman, B.W.I.

Dated this 20th day of February 1980.

PUBLIC NOTICES

BRISTOL COUNCIL

3,500,000 bills issued 3.3.80 at 16¼ to mature 2.6.80. Total applications were 15m and these are the only bills outstanding.

TRAVEL

GENEVA, Basle, Zurich and Berne, widest choice of cheap flights from 4 U.K. airports. Brochure FALCON 01-351 2101.

APPOINTMENTS

Group directors at BICC Cables

Three group directors have been appointed at BICC CABLES within the BICC group.

Mr. David H. Booth becomes group director, Service Cables Group, and relinquishes his positions as executive director Prescot, chairman of BICC Metals, chairman of BICC Prescot Industries and chairman of Brookside Metals.

Mr. David Boult has been made group director, Metals Group. In addition, as executive director, Prescot, he takes over responsibility for the co-ordination of activities on Prescot site. Mr. Boult was previously assistant managing director, BICC Industrial Products.

Mr. Harry C. Woolley is now group director, General Cables Group, and remains responsible for the operation of various units of BICC General Cables.

★

Mr. R. E. Warman, general manager, southern region, and Mr. R. W. Clemson, general manager, south east region have joined the Board of DRAKE AND SCULL ENGINEERING.

★

Mr. P. J. Pressdee and Mr. D. Watson have joined the Board of HOLT WHITNEY AND COMPANY, Birmingham.

★

Mr. Peter Buckley, chairman of I. and J. Hyman, has become chairman of DRAKA FOAM, a subsidiary. Mr. J. H. Webb, who is leaving to give more time to his private interests, has resigned as chairman and managing director of Draka Foam and his services agreement with that company has been terminated.

★

Mr. A. G. Down, Mr. L. E. Linaker and Mr. D. A. E. R. Peake have joined the Board of M & G GROUP (HOLDINGS).

★

Mr. Frank Judd, former Labour MP for Portsmouth North and Minister of State for Overseas Development in 1976/77, has been appointed director of VOLUNTARY SERVICES OVERSEAS. He succeeds Mr. David Collett, who leaves after seven years at VSO.

★

Mr. Roy Ballard has joined the Board of APPLIANCE COMPONENTS as technical director.

★

Mrs. Lilian Wood has been elected chairman of the NATIONAL ASSOCIATION OF TOY RETAILERS

★

Mr. John Webster has been appointed group financial director of PENGUIN BOOKS. He joined Penguins as chief accountant in 1971 and became financial director of Penguin Books in 1976.

★

Mr. Brian Gearing has been appointed editor of RADIO TIMES.

★

Mr. Michael Saint has been appointed financial director of FERGUSON INDUSTRIAL HOLDINGS.

★

Mr. John E. Fletcher and Mr. Frederick G. Lane have been appointed directors of MARSHALL'S UNIVERSAL following the acquisition by that company of the Graphic and Display Products Group. Mr. Walter A. T. Benson has retired as a director of Marshall's Universal.

★

By mutual agreement Mr. D. H. Stokes has resigned his position as a non-executive director with the MOSS ENGINEERING GROUP. Mr. Stokes will be developing his other interests. Mr. J. D. Blake, formerly a director with the subsidiary William E. Farrer, has jointed the Moss Engineering Group executive staff as purchase and credit co-ordinator.

★

Mr. L. A. Curtis, chairman of BRENT WALKER, is leaving the group on an amicable basis at his own wish. Sir Anthony Burney has been appointed a director of the company and will become chairman on July 17 on his retirement as chairman of Debenhams. He will remain on the board of Debenhams as a non-executive director.

★

Mr. Harry Douglas has been appointed to the London post of European director, NEW ZEALAND MEAT PRODUCERS' BOARD. He takes the place of Mr. Allan Frazer.

Mr. A. H. Begg has been appointed deputy chairman of AUTOBOOKS and Mr. J. S. Gummer, Conservative MP for Eye, has become a director. Mr. M. A. McKirdy has been made managing director. The parent concern is Britannia Arrow Holdings.

★

Mr. Eric Clayton has been elected chairman of the electrical engineering services committee of the CONSTRUCTION INDUSTRY TRAINING BOARD

★

BP CHEMICALS has appointed Mr. F. C. Webb production services manager in the production department at the London head office to succeed Mr. R. W. Rae, who has retired.

★

Mr. Derek Wright has been appointed managing director of KEYSTONE CANNON following its formation in Leven, Fife, by Keystone International Inc., of the U.S. He was previously managing director of the international division of the Mark Controls Corporation. Other senior executive appointments at Keystone Cannon include Mr. Brian Stewart as general manager (production) and Mr. Bernard Williams as engineering manager.

★

Mr. R. L. Wyatt has been appointed corporate finance directors in charge of the aerospace finance activties at MIDLAND BANK INTERNATIONAL.

★

Mr. Norman Siddall has been appointed chairman of the mining machinery sector working party et the NATIONAL ECONOMIC DEVELOPMENT OFFICE. He is deputy chairman of the National Coal Board.

★

Mr. J. F. Chown and Mr. G. R. McNeill have joined the board of RESERVE ASSET MANAGERS, which was established in January in association with Scrimgeour Hardcastle and Co. and J. F. Chown and Co.

★

Mr. Peter Reid has been appointed to the Board of SACCONE AND SPEED RETAIL as marketing director. He joins the company from W. D. and H. O. Wills.

★

Mr. Peter Meyer, previously a non-executive director of the company, has been appointed vice-chairman of FEDERATED LAND AND BUILDING COMPANY.

★

Mr. Thomas A. Mercer has rejoined THOMAS MERCER of St. Albans, as sales director.

★

Mr. Stephen La Brooy has been appointed a director of E. D. AND F. MAN (COFFEE).

★

Mr. E. S. Gandy, managing director of EGM SOLDERS, a member of the Billiton group, is retiring on March 21. He will be succeeded by Dr. J. R. Lay who is at present metals representative for Billiton International Metals in South America, based in Caracas.

★

The CO-OPERATIVE BANK has created two new senior management positions for the recently opened customer service bureau at Delf House, Skelmersdale. Mr. John Cameron becomes assistant general manager (management services) and Mr. Michael Sutton, assistant general manager (clearing).

★

Mr. Norman Siddall, deputy chairman of the National Coal Board, has been appointed chairman of the MINING MACHINERY WORKING PARTY of the National Economic Development Office.

★

Mr. G. R. J. Guise has been appointed a director of the MOUNT LYELL MINING AND RAILWAY COMPANY.

★

Dr. John Worton-Griffiths has joined the board of EDBRO and EDBRO INTERNATIONAL as technical director.

★

Mr. J. G. Watson has been appointed sales director of GR-STEIN REFRACTORIES, a member of Hepworth Ceramic Holdings.

BASE LENDING RATES

A.B.N. Bank	17 %	■ Hambros Bank	17 %
Allied Irish Bank	17 %	■ Hill Samuel	§17 %
Amro Bank	17 %	C. Hoare & Co.	†17 %
American Express Bk.	17 %	Hongkong & Shanghai	17 %
Henry Ansbacher	17 %	Industrial Bk. of Scot.	17½%
A P Bank Ltd.	17 %	Keyser Ullmann	17 %
■ Arbuthnot Latham	17 %	Knowsley & Co. Ltd.	18½%
Associates Cap. Corp.	17 %	Langris Trust Ltd.	17 %
Banco de Bilbao	17 %	Lloyds Bank	17 %
Bank of Credit & Cmce.	17 %	Edward Manson & Co.	18 %
Bank of Cyprus	17 %	Midland Bank	17 %
Bank of N.S.W.	17 %	■ Samuel Montagu	17 %
Banque Belge Ltd.	17 %	■ Morgan Grenfell	17 %
Banque du Rhone et de la Tamise S.A.	17½%	National Westminster	17 %
Barclays Bank	17 %	Norwich General Trust	17 %
Bremar Holdings Ltd.	18 %	P. S. Refson & Co.	17 %
Brit. Bank of Mid. East	17 %	Rossminster	17 %
■ Brown Shipley	17 %	Ryl. Bk. Canada (Ldn.)	17 %
Canada Perm't Trust	18 %	Schlesinger Limited	17 %
Cayzer Ltd.	17 %	E. S. Schwab	17 %
Cedar Holdings	17 %	Security Trust Co. Ltd.	18 %
■ Charterhouse Japhet	17 %	Standard Chartered	17 %
Choulartons	17 %	Trade Dev. Bank	17 %
C. E. Coates	17 %	Trustee Savings Bank	17 %
Consolidated Credits	17 %	Twentieth Century Bk.	17 %
Co-operative Bank	*17 %	United Bank of Kuwait	17 %
Corinthian Secs.	17 %	Whiteaway Laidlaw	17½%
The Cyprus Popular Bk.	17 %	Williams & Glyn's	17 %
Duncan Lawrie	17 %	Wintrust Secs. Ltd.	17 %
Eagil Trust	17 %	Yorkshire Bank	17 %
E. T. Trust Limited	17 %		
First Nat. Fin. Corp.	18½%		
First Nat. Secs. Ltd.	18 %		
Robert Fraser	18 %		
■ Antony Gibbs	17 %		
Greyhound Guaranty	17 %		
Grindlays Bank	‡17 %		
■ Guinness Mahon	17 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 15%. 1-month deposits 15¼%.
† 7-day deposits on sums of £10,000 and under 15%, up to £25,000 15¼% and over £25,000 15½%.
‡ Call deposits over £1,000 15%.
§ Demand deposits 15%.

هكذا من الأصل

UK NEWS

Borders council faces spending cuts decision

BY IAIN MACKENZIE

THE BORDERS Regional Council — one of Scotland's major local authorities—meets today to decide whether to obey the Governmeot's instruction to make economy cuts and trim its £27m 1980-81 budget by £1.5m or to increase its rates by np to 50 per cent.

Even if the council does decide to wield the economy axe, the current rate of 46p in tbe pound—excluding water rates—will increase by abont 37 per cent. It will also face the threat of an unprecedeoted confrontation with trade unions, wbich have organised a campaign against the cuts.

Scots bave always complained that they are worse off than the English, that they earn less and have to pay more for basic commodities. Now Scotland claims it has been particularly bard hit by Mrs. Thatcber's economy drive in local government.

Rates everywhere are to rise steeply. Lothian, iocludiog Edinhurgh, bas defied the the Government and is baving its knuckles rapped. But the reaction in the Borders is perhaps the most unusual.

In the normally placid Border region of Scotland there are all the signs of a massive confrontation between the regional council and the trades unions.

The council, faced by the Government's directive to cut spending, bas spent the last tbree months trying to find ways of saving the £1.5m. That amount would not upset Strathclyde too much, or even Lothian desplte their present problems. But the Borders bas no city and, unlquely in Scotland, not even a sizeable town.

Instead, there is a vast area of agricultural land with scattered villages. In the centre of the region there is a cluster of small towns and of these, Hawick and Galashiels—each with a population touching 20,000—are the only ones with any claim to organisation.

Quality

Traditionally, the main industries have been farming, tweed, and wool. Recently, reallsing that the area is the first slop for visitors arriving from England, the Borders have been trying to attract more tourism.

The kind of industrial strife found in the cities and "smokey" towns of central Scotland is unknown. However, the lack of beavy industry bas led, in straight economic terms, to a low standard of living.

Some borderers claim they are better off than people in any other part of Scotland, including those from the publicised and romanticised Highlands. They are, if quality of life can be measures in rolling hills, lazy rivers, quiet roads and tens of thousands of sheep.

But, as the Borders is beginning to discover, in today's economic climate it takes more than clean air to live. The average weekly wage is only £77. In Grampian region, where North Sea oil has pushed prices up, it is almost £100. A junior clerk in the Borders can expect about £30 a week, an experienced shop assistant less than £40.

Yet petrol is touching £1.30 a gallon, a bottle of sauce selling at 32p in a chain store in Edinburgh will cost 36p in the local shop. Just getting to Edinburgh by bus costs almost £5. Cheap tickets are unheard of and there are no railways.

David Short, regional organiser of the Transport and General Workers' Union and chairman of an action committee formed to try to persuade the council not to cut essential services, says the day may not be far off when poorer families cannot afford to send children to school.

"There is no donbt at all. If the council insists on forcing througb economies by withdrawing essential services, people will face genuine hardship," he says. "The unions don't want trouble. This is not a trouble-making area. But the council must understand that we will not sit meekly by and watch jobs lost and standards of living eroded."

Sympathetic

Some of the most savage cuts are in education. There is a threat of school closures and both teacber and ancillary worker redundancies. School meal cbarges are to rise and charges for school transport are to be introduced.

Tbe teacbers, backed by the Educational Institute of Scotland, warn they will do everything possible to avoid an all-out strike. They will strike, they say, if necessary. EIS organiser, Fred Forrester has promised full backing if the teachers decide to take on the council.

Other unions are equally bebind the action committee in its struggle. So are the region's two MPs, Liberal leader Mr. David Steel and Berwickshire's John Home Robertson. Alastair Hutton, the Euro-MP for the South of Scotland, is also sympathetic.

Mr. Short says: "I would rather see rates increased from the proposed 37 per cent to 50 per cent—a few coppers—than see services decimated and people put at risk in all sorts of ways. If these cuts go through families will be driven out of the area, possibly to England wbere they can have a decent place to live."

Whether the council will be swayed by the action committee is open to doubt.

Recently there was uproar when it was discovered the council was putting untreated sewage into the River Tweed in an attempt to save the electricity needed to treat it. The smell whicb could arise over the Borders after Tuesday is likely to be far worse than anything the Tweed bad to offer.

Europe's demand for oil 'unlikely to increase'

BY RAY DAFTER, ENERGY CORRESPONDENT

THERE IS likely to he little or no growth in European demand for oil imports over the next decade in spite of a resurgence in the economy in the mid aod late 1980s, says a report by Londoo-hased consultants.

Chem Systems International, in its periodic review Energy in Europe, reports that an average West German Gross National Product growth rate of about 3 per cent a year could be sustained throughout most of the 1980s. However, oil import requirements would remain at or below the 1978 level until at least 1990.

In 1982 Chem Systems expects a growth rate (based on a weighted average) of 3.2 per cent as against 2.8 per cent io 1978 and 4.1 per cent in 1976, but oil imports—both crude and products—in 1982 could amount to only 537m tonnes compared with 601m tonnes in 1978 and 640m tonnes in 1976.

Lookiog further ahead, the report sees the GNP growth rate of 3.2 per cent in 1985 when oil imports could amount to 555m tonnes; in 1990, the growth rate could be 3 per cent, while oil imports could be nearer 621m tonnes.

Chem Systems maintains that energy will be a key constraint in the coming decades. With limited oil supplies, the key factors determining economic growth potential would he eoergy conservation and the development of other eoergy sources such as coal, natural gas and nuclear power.

Olympic boycott request rejected

By David Tonge

A NUMBER of leading British athletes have rejected reqnests by the Government to boycott the Moscow Olympics. Their rejection, which is also a blow to President Jimmy Carter's hopes of widespread support for his boycott campaign, was announced yesterday by Mr. Derek Johnson, secretary of the International Athletes Club.

He said that out of 108 athletes contacted by the club, 78 had signed a letter affirming their right to take part in the Olympics. He also said that the IAC was seeking the formal permission of the International Olympic Committee to send a team to Moscow if the Government or the British Olympics Association enforced a boycott in protest at the Russian intervention in Afghanistan.

The BOA is today to meet representatives of the 26 Olympic sports to decide whether to accept the Moscow invitation. Mr. Douglas Hurd, Minister of State at the Foreign Office, last weekend urged Britain's Olympic heads not to make a final decision on participation at their meeting.

He said that no Western country has yet given a final answer and pointed out that the closing date for acceptances is May. Rowing and swimming federations are among those favouring a delay. But 14 sports are committed to going and Sir Denis Follows, BOA chairman, yesterday said that he still believed that Britain should compete in Moscow.

Prior's warning on reforms

BY PHILIP RAWSTORNE

MR. JAMES PRIOR, Employment Secretary, yesterday warned the unions that bis industrial relations reforms were the last chance to secure "reasonable and civilised" changes in the law.

Speaking at a Press Gallery lunch at the Commoos, be stoutly defended his "softly, softly" appcoach on the issue.

But be later referred to "the knivea coming at me from all directions."

Mr. Prior said that there was no basic disagreement in the Government over wbat needed to be done in the industrial relations field. "But there ia a difference sometimes of empbasis, sometimes of the speed at whicb this can be accomplished."

A better balance bad to be established between uniona and maoagement, Mr. Prior said. "I am trying to move with the maximum amount of consent ... to carry people with me as far as possible.

"If we can keep the proposals fair and acceptable to the vast majority of people, I think we can have some cbances when the law comes in of it being acrepted and allowed to work."

Mr. Prior said it waa easy to adopt extreme positions on the question of trade union immunities; aod it was inevitable that tbere should have been some impatience with the speed at which the Covernment measures were being introduced.

"But I do not believe this time any Covernment of any psrty could afford to get these measures wrong," he declared.

He had never believed that progress could be made in industrial relations by "shouting with a loud voice."

It took "rather more courage" to go slowly, Mr. Prior said. "But it is better to go a little more alowly and not quite as far if it meana we can get these measures to stick.

"Then I think we can show to the unions, workers and management that htere is a better way of working our industrial relations than we have bad for the last few years."

Mr. Prior said that he boped the unions would give the new law a fair chance and seek to operate it.

"This is sbout the last time Britain is going to have the opportunity of placing reasonable, civilised cbanges in industrial relations on tha statute book," be asserted.

Mr. Prior aaid that there was little prospect of success for Britain as a major industrial country if the reforms in industrial relations failed.

"I helieve that is the verdict other countries are bound to make of our industrial future," he said.

The unfair balance in industry had been one of the raasons wby Governments bad to resort in the past to incomes policies of one kind or another, be said.

"I hopa very much that we can avoid taking any action on incomes policy," Mr. Prior declared. "We shall do far better as a nation if we concentrate on getting industrial relations rigbt rather than going *down that other road.*"

James Prior

Indemnity for Jenkin on Lambeth health row

BY IVOR OWEN

A BILL is to be rushed through Parliament indemnifying Mr. Patrick Jenkin, the Social Services Secretary, aod the Commissiooers whom he appointed last August to replace the Lambeth, Southwark and Lewisham Area Health Authority.

This was announced by Mr. Jenkin in the Commons yesterday when he told MPs that he had decided not to appeal against last week's High Court judgment that he acted outside his legal powers in appointing the Commissioners for an unspecified time.

The members of the Area Health Authority, auspended by Mr. Jenkin for failing to keep within the cash limits set by the Governmeot, will resume their functions from April 1 next.

He offered a "full and unqualified apology" to the House but this was grudgingly received by some Labour MPs who repeatedly called for his resignation.

The Bill will regularise the position over the past seven mooths and give immediate backing to the status of the Commissioners up to March 31.

Mr. Jenkin explained that without indemnifying legislation he and the Commissioners could face court actions over a wide variety of issues ranging fcom purchases of goods to appointments and dismissals of staff.

He reported that tbe three London boroughs wbo form the Area Health Authority bad made it clear that they had no objection to the Commissioners remaining in a purely caretaker role until Marcb 31.

They eovisaged that the autbority, on resuming control from April 1, would bave freedom of action to review decision taken by the Commissioners, but accepted that *expenditure* would have to stay within the cash limits.

Mr. Jenkin spoke of the "belpful and constructive atmosphere" in whicb his discussions with members of the Authority were conducted last Friday and stressed that in the sbort caretaker period up to March 31 the Commissioners would not initiate any changes of major significance.

He saw the Commissioners' task as preparing for an orderly bandover to the members of the Authority, taking only sucb routine decisions wbich were essential to maintain services in the meantime.

Mr. Stan Orme, Labour shadow spokesman on Social Security, paid tribute to Mr. Michael Englisb (Lab. Nottingham West) wbo forecast last week that, the Government would hava to introduce an indemnified Bill.

He claimed tbat Mr. Jenkin's statement reflected a "serious misjudgement" and contended that his apology sbould have been proffered last week.

Mr. Jenkin pointed out that his first statement to the House had been made within 24 hours of the High Court judgment being delivered. At that time the question of an appeal had not been resolved.

"Now I have decided not to appeal and to take the necessary action to give effect to the judgment of tbe court it seemed to me only rigbt to offer my full and unqualified apologies to the House."

Mr. Jenkin denied having peremptorily suspended the members of the Authority. To make such a charge was to ignore the long period which preceded the appointment of the Commissioners last August during wbich the Authority had been ronsistently over-spending *its cash limits.*

Patrick Jenkin

Thatcher calls for an end to illusions

By Richard Evans, Lobby Editor

MRS. THATCHER emphasised the need for economic realities to be accepted and for the barriers of tbe State to be rolled bark, in a restatement of her political philosophy last night.

The Prime Minister's message in the *first Airey Neve* memorial lecture was tbat for years some people had harboured illusions preventiog Britain from facing the realities of the world.

"It is time we abandoned them so that we ran tarkle our pcoblems, aod Covernment and people both bave a part to play," she declared.

Among the illusions which she believed had handicapped Britain, and whicb the Government was determined to dispel, were:

That the Government could be a universal provider and yet soriety would still say free and prospecous;

That the Covernment could print money and yet the nation would still have sound money;

That every loss could be covered by a subsidy;

That the link could be broken between reward and effort, and that effort would still be achieved;

That basic eronomic laws could somehow be suspended because we were British.

The most important tasks facing the Governmeot, in her view, were still keeplog tbe growth in the amount of money in line with tbe growth in the amount of goods and services.

"After years of printing too much money, to which the economy has become addicted, tbis will take time but it must be done."

Bnt it was not only the total amonnt of money that mattered, Mrs. Thatcher argued. It was how that money was distributed between tha public sector, which produced littl reeal wealth, and industry and commerce, the malnatays of the economy.

There was no doubt that at present too much money was being spent on the public sector, and it followed that he Governmen's second task was to reduce state apending so that more resources could he invested in industry and commerce.

In the past too much money spent by the Government bad gone to support industries which had made and were continuing to make heavy losses.

Tbe Prime Minister claimed there was widespread relief among management and wage earners that the potential of Brtain was now mached hy the resolve of the Covernment. "This was Airey Neave's dream, of a people not dependent on Government but a people exercising initiative indapendently of Covernment."

SDA lowers target on return rate

By Gareth Griffiths

THE SCOTTISH Development Agency is to rrduce its target rate of return on capital investment from a figure of about 15 per cent because of new Covernment guidelines.

The Agency says the reductinn is needed because the downturn in the economy and restraints on the type of investment it ran make since thr new rules announced by the Government In December.

The Agency move is being supported by the Scottish Economic Planning Department which exercises the functions of the Department of Industry In Srotland.

Mr. Lewls Rohertson, the Agency's chief executive, told a meeting of the House of Commons Publir Accounts Committee last night that the SDA had tn refrain from offering finance where private sertor funds were available whicb limited the area of new investment.

However, tbe Agency was also being enrouraged to disinvest in stronger rompanies capable of providing a strong rate of return.

Thles made the SDA's task a great deal more difficult and it was now neressary to give consideration to the revision of financial targets in the light of the new guidelines.

The statement to the PAC follows and confirms the more flexible approach on the rate of retur non capital employed announced at the time of the new guidelines.

Last year the SDA iovestments had a loss of £1½m on a turnover of £22m. The Agency has never achieved the 15 per rent rate of return required in its former guidelines.

The Agenry has a controlling interest in five subsidiaries, all of which were in the red last year. Control of one company waa sold last montb for an undisclosed aum. Agency officials bave argued that this is a necessary risk for it to do its job

Tories 'under no illusions' about May elections contest

BY ROBIN PAULEY

THE CONSERVATIVE Party launcbed its campaign for the forthcoming local elections yesterday in the certain knowledge tbat it will lose control of a number of large cities and of the powerful Association of Metropolitan Authorities.

Lord Thorneyccoft, party chairman, admitted that the local clections on May 1 would be difficult and were sure to be fought on national as well as local issues.

"We are not under any illusions and there are going to be some very tough contests," he said.

The Tories will use two main poster themes—"If you care about your country keep it out of the red" and "Follow me out of the red"—during tbe campaign.

Mr. Michael Heseltine Environment Secretary, denied that the Government was introducing council house sales to try to save marginal seats. He would not predict the likely scale of Tory losses in the local elections but said that public support for the Covernment was *holding up* "remarkably well."

Elections will be held in 36 metropolitan districts, 103 non metropolitan districts in England and Wales, and all 53 Scottish districts. There will be no elections in London, Welsh districts and 188 English non metropolitan areas in 1980.

Tbe Labour Party may win control of aa many as 35 to 40 councils which are now Tory controlled or which have no overal majority.

The most important are 10 mertopolitan areas which they hope to take control of giving them 29 of the 36. The 10 they are likely to win are Birmingham, Kirklees, Dudley, Oldham, Rochdale, Bolton, Bradford, Leeds, Coventry, and Liverpool.

The Association of Metropolitan Authorities comprises members of the metropolitan districts, London boroughs and Greater London Council. The Tories bave a majority of one in the 77-member body so Labour gains in 10 metropolitan districts would give them comfortable control.

Labour is hoping to take control of 13 non metropolitan districts in England and Walea including Cambridge, Oxford, Worcester, Hartlepool and Preston. They also hope to gain control of 15 Scottish authorities.

In some of the elections all tbe council seats will be up for election and in others only one *third* on the principle that a third of the council retires eacb year.

Nominations for candidates close on April 9.

Tory funds amendment defeated

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A LABOUR proposal to tighten up the law on donations wbich companies make to Conservative Party funds would be an "extension of private liberty" Mr. John Smith, the Shadow Trade Secretary, told the Commona last night.

Speaking from the Opposition front bencb, he moved an amendment to the Companies Bill stipulating that any company donation of a political cbaracter should be made only out of a special political fund. The purpose was to bring such contributlons under some form of legal regulation. This, be argued, would put companies in the same position as trade unions wben they made donations to the political parties.

The amendment was defeated by a Government majority of 53 (170-117).

Mr. Smith pointed out that under Section 19 of tbe 1967 Companies Act, companies were obliged to disclose any political contribution in excess of £50. This, he said, bas led to some very revealing disclosures.

Out of 1,000 companies, 350 regularly made political contributions. In the year ended March 1979 tbey had given almost £2m to the Conservative Party or to organisations closely associated with it.

Half bad gone to the party and half to organisations like British United Industrialists. Mr. Smith said this was a body which appeared to be a "front organisation" which passed on funds to the Conservatives or causes akin to it.

At the moment there waa no limit on what companies could contribute.

"A shareholder who disagrees with the contributions that a partirular company makes has no rights whatsoever under the law as it stands at the moment," said Mr. Smith.

The position was, however, different for trade unions. Under Section 3 of the Trade Union Act 1913 members bad a legal right not to make a political contribution.

At the moment pension funds, insurance companies and other institutions beld large blocks of sbares. This meant that a lot of money was invested by people of many different persuasions who had no say as to whether it was given to a particular political party.

"If the Covernment resists this amendmeot it would he seen as wishing to have one law for trade unions and their members and a different law for companies and members of those companies," said Mr. Smith.

At one time, he added, companies bad given a "few crumbs" to the Liberal Party but this did not seem to he the fasbion at the moment.

For the Government Mr. Cecil Parkinson, Minister of State for Trade, said the amendment would set up an elaborate and totally unnecessary bureaucratic machine to deal with the problem that existed only in the "warped minds" of tha Opposition.

He pointed out that two-thirds of the top 50 companies did not contribute to the Conservative Party. Sums involved in donations to tha party were in fact relatively small — an average of £200 per company.

Mr. Parkinson did not believe that the method of paying political parties was aatisfactory and he agreed that there was a case for reforming the system.

But it could not be done on a piece meal basis with Labour saying "lets make an attack on the source of funds of one of the parties."

The Minister maintained that only between 15 and 20 per cent of the Tory Party's total income camc from company donations. But the contribution of the unlons accounted for 90 per cent of Labour Party finances be said.

He was interupted by Mr. Bob Cryer (Lab., Keighley), who said that in fact the amounts paid by the unions was about 50 per cent of the total income of his party.

Sales staff incentives questioned

MR. GWILYM ROBERTS (Lab., Cannock), yesterday called for an investigation into the practice of aome manufacturers and wholesalers offering *financial* incentives to abop assistants to sell their prodncts rather than those of their competitors.

"There may well be a case for making this illegal," Mr. Roberts said. He has tabled a Commons question to Mrs. Sally Oppenheim, Consumer Affairs Minister, urging her to consider this course.

Mr. Roberts said: "This practice may well operate against the interests of consumers. If sbop assistants realise they will receive five times as mucb commission for selling one particular brand as opposed to a rival one, it may cloud their judgment, to say the least, on what they recommend to the consumer.

"The Government shonld at least look into whether this does work against consumer interests and act accordingly."

Lloyds Bank managers win differentials award

BY NICK GARNETT, LABOUR STAFF

MANAGERS AT Lloyds Bank have been made a substantial arbitration award which will have a major impact on pay negotiations, due to hegin later this month, for the 200,000 staff in the principal English clearing banks.

The award follows a claim from the staff association at Lloyds to bave the differentials between managers and clerical staff pay restored to 1975 levels.

The bank and the staff association were last night discussing the value of the award, which was made by Professor George Thomason, and is based on a formula relating 1975 pay ratios to those applying now. The award is thought to have backdated the rises to last July.

On one calculation, the increases range from between 1.8 and 3.4 per cent for junior managers, up to between 6.6 and 12.1 per cent for the highest grade covered by the award.

It was not certain last night, however, if these are the actual percentage figures which will be agreed between the bank and the staff association.

Initially, the staff association and the management produced different figurea on the basis of the formula.

Last year, managers at the clearing banks received salary increaaes of 19.5 per cent, more than 2 per cent of which was consolidation of a pay supplement.

Tbe managerial structure at Lloyds is considerahly different to that of the other banks.

The *five cleaners will be looking carefully at the implications* of the award, partly because of competing claims from the Banking, Insurance and Finance Union, and from the staff associations at Lloyds, Barclays and National Westminster.

The banking union has submitted a general 25 per cent claim, but is seeking increases of marginally more than 30 per cent for some lower paid staff.

The staff associations have tabled a claim for rises of 20 to 28 per cent for clerical grades 1 to 4 and 30 per cent for managerial staff.

The banks, which negotiate centrally, are therefore faced with claims which have conflicting alms on the issue of differentials.

Metal Box urged to vary tinplate sources

BY ROBIN REEVES, WELSH CORRESPONDENT

THE METAL Box Company is coming under pressure from customers, as a result of the steel strike, to reduce its dependence on the British Steel Corporation for tinplate suppliea.

Metal Box normally buys 90 per cent of its requirements for can production from BSC. Annual purchases total nearly ¾m tonnes, almost balf BSC's tinplate production.

A switch to imported supplies—BSC is the sole UK tinplate prodncer—would be a major hlow to South Wales which manufactures all BSC's tinplate at Ebbw Vale, Trostre and Bellndre. It would increase the redundancies already planned in the Welah steel industry.

Metal Box bas been forced to lay off workers at several plants as a result of the strike, and in Sonth Wales its Neath plant, whirh makes can eods, bas heen heavily picketed.

BSC says 160,000 tonnes of tinplate pcoduction have been lost since its strike started two months ago and "irreparable damage has already been done to what was a profitable and comparatively secure business."

The corporation's tinplate group says much export business has already been taken over by European, Japanese and American competitors. "Tinplate export reached 20 per cent of total production in 1979 and we had boped to do even betar in 1980," it said.

The group denied that the strike would bring food sbortages. It would result only in a sbortage of cans, thereby increasing sales of imported canned foods

Appealing to the tinplate workers to support its request for a hallot on the steel pay offer, the group added that a continuing strike would mean a long-term rednction in demand for tinplate and higher sales of other packaging materials.

"Business lost permanently to other packaging will mean employment lost permanently. To continue the strike and destroy a thriving tinplate industry is nothing sbort of suicidal," it warned.

● Manufacturing output has been 3.5 per cent lower than it otherwise would have been since the steel strike began, Mr. John Biffen, Chief Secretary to the *Treasury, said* last night. This was largely because of lost production in the steel industry itself. The strike was costing the BSC £10m a week.

Private sector steel production resumed

BY MAURICE SAMUELSON

MOST of the private steel industry was back in prodnctinn yesterday as workers took advantage of the steel union's decision not to penalise non-strikers there.

With only a few private companies, mainly in the West Midlands, still not working, the British Independent Steel Prodncers' Association said the private-sector strike had "virtually collapsed" after costing ahont £35m.

The Iron and Steel Trades Confederatinn called out the private sector in the fourth week of the national strike, now nearing its tenth week. Of the private sector's 65,000 workers some 18,000 belong to the ISTC.

In Sheffield the large companies Firth Brown, Lee Steel Strip; Hadfields; Osborn Steels; and Edgar Allen were all wnrking yesterday.

Mere than half the private plants in the West Midlands were open. At Darlington and Simpson rolling mills, the North-East'a biggest private steel company, staff voted overwhelmingly to return to work.

BP drivers' efficiency payment consolidated

BY NICK GARNETT, LABOUR STAFF

BP HAS agred to consolidate into basic rates a large part of the efficiency pay supplement negotiated for its tanker drivers and other distribution workers last year.

The efficiency scheme was devised to link payments to different performance targets, wbich were fixed hy agreement with the Transport and General Workers Union for each depot and for each group of workers.

The deal gave maximum payments of £7.60, and involved manning reductions, a reduced lorry fleet, and higher working speeds.

Management has now agreed to consolidate £4.20 of the efficiency supplement, lifting the basic to £98.20—£6 highr than at most other oil companies, partly because the BP basic rate was already £2 higher.

The consolidated rate will ha used for calculating shift and overtime payments.

BP hopes to negotiate a new productivity deal with its distribution manual workers in April.

This would be in line with negotiations at other major oil companies, including Esso.

● The Transport and General Workers' Union said yesterday the long-term aim of the Covernment's employment legislation, despite Ministarial assurances to the contrary, was to stop strikes being effective.

The union said that, whatever some members of the Government might say, the Conservatives wanted to make solidarity not just a "dirty word" but also legally liable.

Communist likely to win BL post

By Arthur Smith, Midlands Correspondent

BL CARS' senior shop stewards at Longbridge, Birmingham, were last night expected to elect Mr. Jack Adams, a Communist, as convenor to replace the dismissed Mr. Derek Robinson.

Mr. Adams has already stressed that union leadership at Longbridge is collective and the departure of Mr. Robinson will not change the shop stewards 'stance.

Mr. Adams was cautioned by the management for putting his name to the document arguing against the company's rationalisation plan that prompted the dismissal of Mr. Robinson.

The overwhelming rejection by the 18,000 Longbridge manual workers of the union call for an official strike in protest at Mr. Robinson's dismissal has undermined the shop stewards' stance.

But BL Cars faces a crucial test at Longbridge in implementing new working practices. The highly automated assembly line for the Mini Metro, to he launched in October, reqnires different prodnction methods. Early introdnction of these is essential.

The election of Mr. Adams, a Transport and General Workers' Union steward, would mean the loss of an important position in BL by the Amalgamated Union of Engineering Wnrkers.

Mr. Robinson, though a member of the engineering union, gained the top job five years ago because of his authority as the natural successor to Mr. Dick Etheridge, the convenor for the previous 30 years.

The TGWU has dominated membership at Longbridge since it amalgamated some years ago with the National Union of Vehicle Builders, and so has the voting power in electing the senior officials.

Mr. Robinson has been replaced as the senior engineering union steward by Mr. Brian Chambers, an experienced uninn member who was once the full-time district official covering the Longbridge factory.

There was a suggestion last night tbat Mr. Chambers might be put forward for the job as convenor, hut his election seemed unlikely.

Airfix to seek possession order

AIRFIX INDUSTRIES will apply to the High Court in Liverpool tomorrow for an order for possession of the Meccano plant in the city, occupied by workers since it was closed on November 30.

Summonses were served yesterday on 19 people, including the sbop stewards' committee and Mr. Mike Egan, district officer of the General and Municipal Workers' Uninn.

Entry to the plant was refused, so the writ was nailed to tbe dnor and the summonses pushed under it.

One of the stewards said later that some of those named on the summonses were no longer taking part in the occupatinn.

Strike hits London buses

COMMUTERS' journeys to work yesterday were disrupted by a one-bour hus-crew strike. Staff at 48 London Transport garages joined tbe stoppage over the return to work of a foreman at the Chalk Farm depot.

London Transport said: "About 200 routes all over the capital were affected by the strike, with 70 per cent of services cut."

Nearly 5,000 staff, members of the Transport and General Workers' Union, took part in the action.

One driver said the crews had no confidence in the engineering supervisor, Mr. Mick Mundy. Mr. Steve Day, acting TGWU delegate at Chalk Farm, said staff were not satisfied witb the condition of some of the buses.

Mr. Day said there would be more stoppages until Mr. Mundy was moved from the garage. "We have to work these buses on pubic service and with him checking them we dn not feel they would be roadworthy," he said. The crews wonld be refusing to take out vehicles that were not fully satisfactory and would leave broken-down buses where they werc until engineers *arrived.*

Mr. Mundy became a foreman in November 1978, when 22 of the 86 buaes at Chalk Farm were unfit for service and many crews spent their working day in the canteen. By June last year, all but one of the buses were back on the road. He then went on a management training course from which he returned yesterday.

Mr. Day claimed Mr. Munday was "not very fussy" about the condition in whicb buses were sent out.

● Industrial action which would have hrought chaos to British Rail's Eastern region yesterday was called off.

Two hundred guards based at Kings Cross station, London, planned to protest against the use of trains wired for radio communications.

They feared this was a first step towards solo operation which conld lead tn redundancies said British Rail.

After a 2½-hour meeting with management, the staff agreed to work normally. Services were disrupted while the meeting took place.

1980. THE DAWN OF A NEW DECADE.

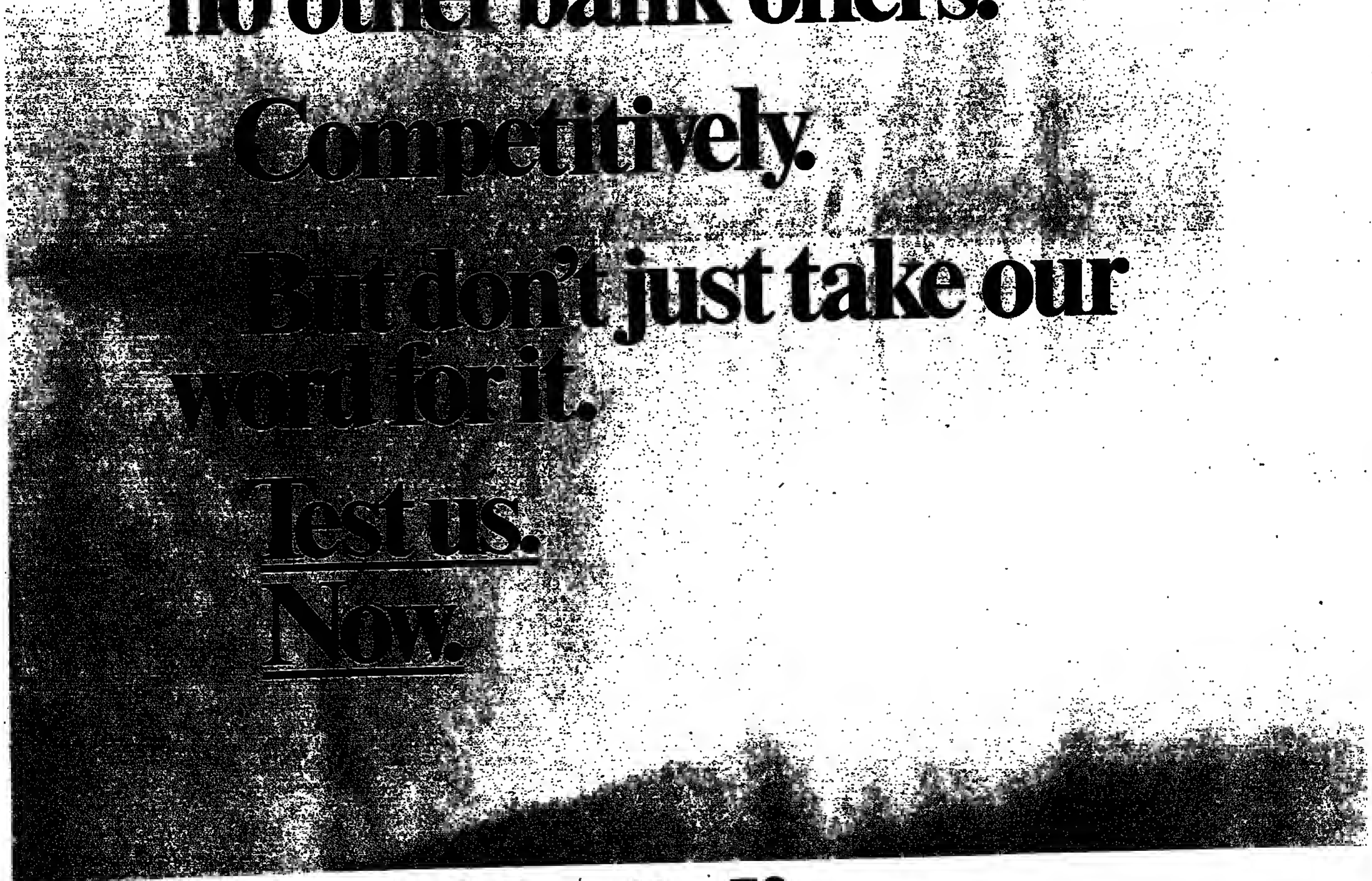
A reminder to companies not doing business with us.

We deliver a range of international services that no other bank offers.

Competitively.

But don't just take our word for it.

Test us. Now.



We deliver.

Map by George Philip and Son Ltd. © 1976.

Test us.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.

Financial Times

International Finance. Competitively.

Eurocurrency lending. Short-term and medium-term finance whether for export finance (covered by ECGD guarantees) or capital expenditure. Project financing. Portfolio financing. Front-end financing to support export contracts.

Negotiating or discounting of bills. Acceptance credits. Export factoring. International leasing and instalment finance.

International Banking Network. Competitively.

Being the exclusive U.K. member of European Banks International (Ebic) we offer clients the complete facilities of seven major independent European banks with over 10,000 branches throughout Europe, and a worldwide network of joint ventures.

International Transfers. Competitively.

Foreign exchange business, documentary credits, mail transfers, telegraphic transfers, drafts, clean payments and bills for collection.

International Merchant Banking. Competitively.

A complete range of international financial services from Samuel Montagu, a major Merchant Bank and a member of the Midland Bank Group.

Eurocurrency credits, bond issues, corporate and investment services.

Samuel Montagu are also major market makers in bullion, foreign exchange and Eurobonds.

International Corporate Travel. Competitively.

Exclusive to Midland, access to the world's largest travel company – Thomas Cook.

Thomas Cook is a member of the Midland Bank Group and the fastest growing company in business travel.

Through them we can provide you with the most comprehensive business travel service including foreign exchange in 150 currencies, travellers cheques, V.I.P. Service Cards and a network of over 900 offices and representative offices in 145 countries.

International Marketing Services. Competitively.

Provision of specialised export finance as well as advice on international regulations, tariffs and documentation procedures through the London American International Corporation Ltd., which operates in over 100 countries.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ELECTRONICS

Cheaper to make micros in U.S.

DURING the course of a recent introduction in London by Nascom of its latest all-U.K. designed microprocessor. System 80, managing director John Marshall made the revelation that in his case—in, he suspects, many others, too—it is cheaper to have complete circuit board assemblies, and even the naked boards themselves, manufactured in California rather than in the UK.

In the case of naked boards he claims it can be up to 60 per cent cheaper to have them made in the U.S. so that even after they are flown in to the UK they are still less expensive. He believes a prime reason is the higher yields of U.S. manufacturers; but it is evident that they benefit from large throughputs.

But where the insertion and soldering of components is concerned, and the testing of completed boards, Marshall complains bitterly that the import duty on active components is 17 per cent while that on assembled boards is only 5.8 per cent, since the item is then rated as a "computer part."

Given in addition that modern insertion and testing is more commonplace in the U.S., cutting costs, Marshall concludes that there is no financial sense in importing (or buying imported) components and putting them on to boards in Britain. It is 10 to 15 per cent cheaper overall he finds, to contract out assembly to California, 6,000 miles away, even after taking air freight costs into account.

This is all the more unfortunate because the new product, System 80, promises to be every bit as successful as Nascom's earlier offerings which were mainly computer boards and kits for the home constructor and hobbyist. Sales of boards for the Nascom 1 system, introduced when the company started in 1977, have now topped 15,000 and for Nascom 2, only put on the market in the autumn of last year, the figure has reached 3,000.

With the new offering, the company is moving away from being just a hardware manufacturing house selling its products through distributors, to a budding computer company that soon will also be offering software support to its customers.

Sales will continue to be through distributors in the main, but the company expects an increasing proportion of its products to find their way into industry and into genuine "home computing" rather than being sold only to hobbyists. The figure for industrial use may already have reached 50 per cent.

Nascom claims that the System 80 is the most flexible eight bit offering on the market, with availability in kit, board and system form. Peripherals include a small impact matrix printer and, within a month or two, a double sided double density disc drive from Siemens. Even this can be bought as parts and assembled if desired, to cut the costs, and each drive will provide 280 kilobytes.

The boards available—they can be plugged into a cabinet which also houses the keyboard—include CPU, dynamic random access memory, disc controller, character generator, colour generator for use with TV display, and input-output.

Starting cost which includes CPU, keyboard, 32k of RAM and the housing is only £505. The saddening thought is that if the machine were made in the UK it would cost a good deal more.

GEOFFREY CHARLISH

Chips may get their chips

PREDOMINANCE of the silicon chip as the leader of the new industrial revolution looks like being short-lived, according to an Infotech State of the Art report, "Microelectronics."

Gene Hnatek, U.S. authority on integrated circuit technology, says in the report that: "waiting in the wings of the silicon revolution, gallium arsenide is gaining momentum and holds the possibility of becoming the first major "second wave" beyond LSI technology."

Hnatek cites two independent studies by Rockwell an IBM which predict a sixfold signal speed improvement of gallium arsenide over silicon. Existing experimental work suggests that by the mid-1980s, very large scale integrated chips based on gallium arsenide will be freely available and will rapidly replace the silicon chip.

"Microelectronics" is the 58th report in Infotech's series and is an examination of the status and future direction of the industry. It looks at technological developments currently in progress and relates them to the present and future impacts in the electronics and data processing industry.

The 650-page, 2 volume report costs £150. Details from Infotech, Nicholson House, Maidenhead, UK (0628 39101) or from Auerbach Publishers Inc., 6560 North Park Drive, Pennsauken, New Jersey 08109, USA.

● WOODWORKING

Smooth seat ensured

AN IMPROVED German-made machine for the automatic sanding of concave or convex workpieces (such as chair seats) is being marketed by Arpal (Engineers), Abford House, Wilton Road, London SW1V 1LT.

The machine is called the FFA 2-B and it has two sanding units and elastic pressure beams which effect a level sanding of the surface of the shaped workpiece. One of the sanding belts is used for sanding the depression and the other for the flat surfaces. Both sanding belts are continuously cleaned by an in-built belt blasting device.

A scanning system ensures that the pressure beams are adjusted and adapted precisely to the surface shapes to be sanded.

● COMPUTERS

Software is simple

LATEST business minicomputer system from BCL is the Molecular 80 which makes use of a software development system called Simple allowing, it is claimed, even the computer novice to write programs in an English-like language.

The basic model is provided with one visual display unit with keyboard, a matrix printer, high capacity exchangeable discs and a mini CPU. Extra discs, VDUs, printers or remote terminals can be added if the workload increases.

BCL will be supplying a range of commercially oriented application packages, the bases of which have already been tried and tested on other computers using Simple.

Packages include accounting, production control, word processing, payroll and management reporting.

Simple has only 10 basic commands, all in normal English, so that program development can be undertaken by accountants and industrial managers.

More from Business Computers (Systems), Theobald Street, Borehamwood, Herts (01-207 3344).

Easy-to-use package

BESPOKE is a general accounting package to provide complete sales, purchase, payroll, invoicing and stock control.

A product of the combined strengths of DATA 100 and IAL Gemini, its constituents may be implemented separately or as a series of "building blocks." The user can therefore employ some or all of the constituents, or they can be added one by one. Also, the software package can run on all models in DATA 100's 400 Series of business computers. Both hardware and software capabilities of Bespoke can grow as the user expands.

Simplicity results from a conversational method of use. Keying-in information does not require specialised knowledge: requests are made in plain English, as are the prompts that lead the user through operation of the system.

Data 100, Arden Grove, Harpenden, Herts. 05827 631161.

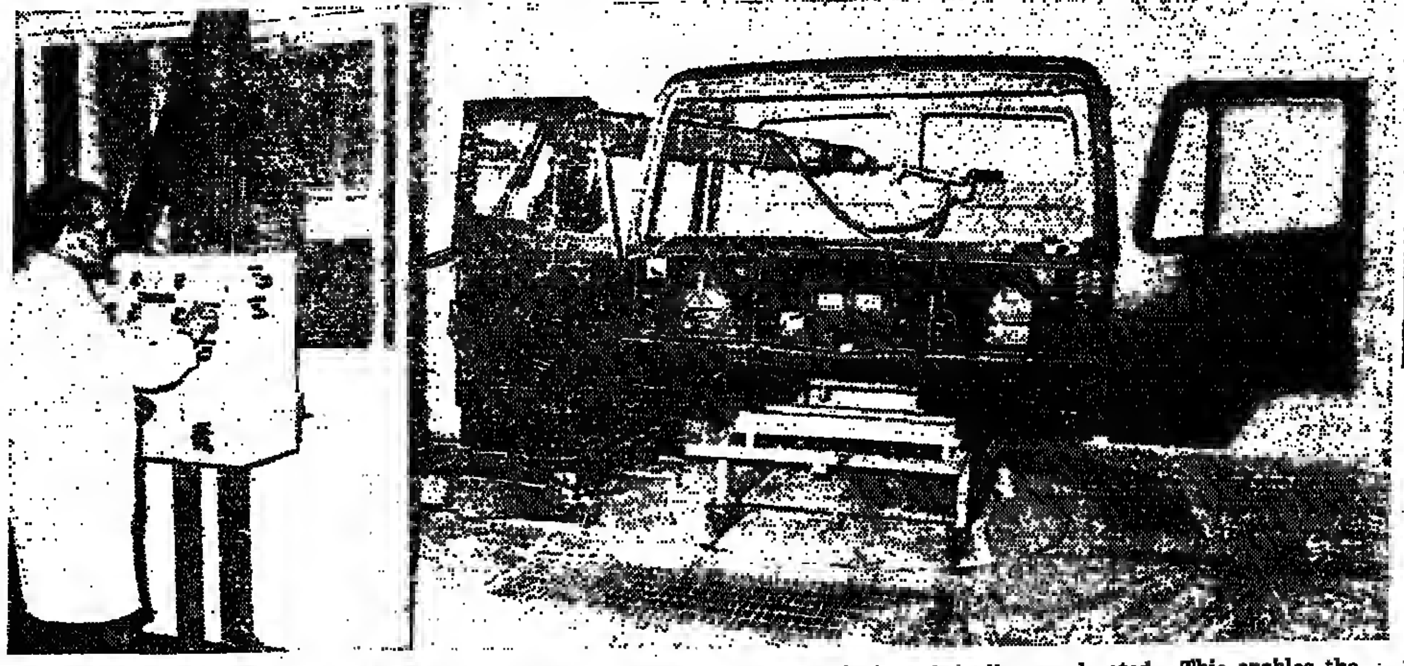
● CATERING

Hot or cold drink vendor

HIGH CAPACITY model vending machines for large users offer a choice of eight different hot or cold drinks, with a capacity of 480 cups, and have been introduced by Klix, Four Square Catering and Vending, Ajax Avenue, Slough, Berks (75 32151).

Machine has been developed on the "in-cup" principle—plastic cups are pre-filled with 13 different drink flavours and supplied in foil wrapped cassettes of 20. Advantage of the system is that with the ingredients already in the cup, says the company, drink quality is guaranteed and minimum of moving parts is required within the machine so cutting down the number of breakdowns. Loading of cassettes is said to take only a few minutes.

Called the System 5000, it has push button drink selection, is of all steel construction, available in white or beige and, for security, has twin locks and lockable cash box.



Cabs for the new Leyland T45 range of commercial vehicles being launched today are being treated by this paint-spraying robot at the Coventry works of Motor Panels. The installation is part of a £½m investment programme by the company. The company is one of Europe's largest independent commercial vehicle cab manufacturers and the new automatic paint equipment will enable at least eight cabs to be treated per hour. The DeVilbiss Trallfa robot is mounted adjacent to a 90 degree indexing table on to which the cab bodies are located. This enables the cabs to be presented in three positions, to allow access for the robot's arm through both sides and the windscreen aperture. The robot itself is mounted on a bogie assembly allowing it to be moved back from the cab between spraying operations. By tackling the job in three operations, a 90 per cent coverage of the interior surface is obtained, leaving the remainder of the finishing coat to be done manually when the exterior is sprayed.

● HEATING

Gets the best out of boilers

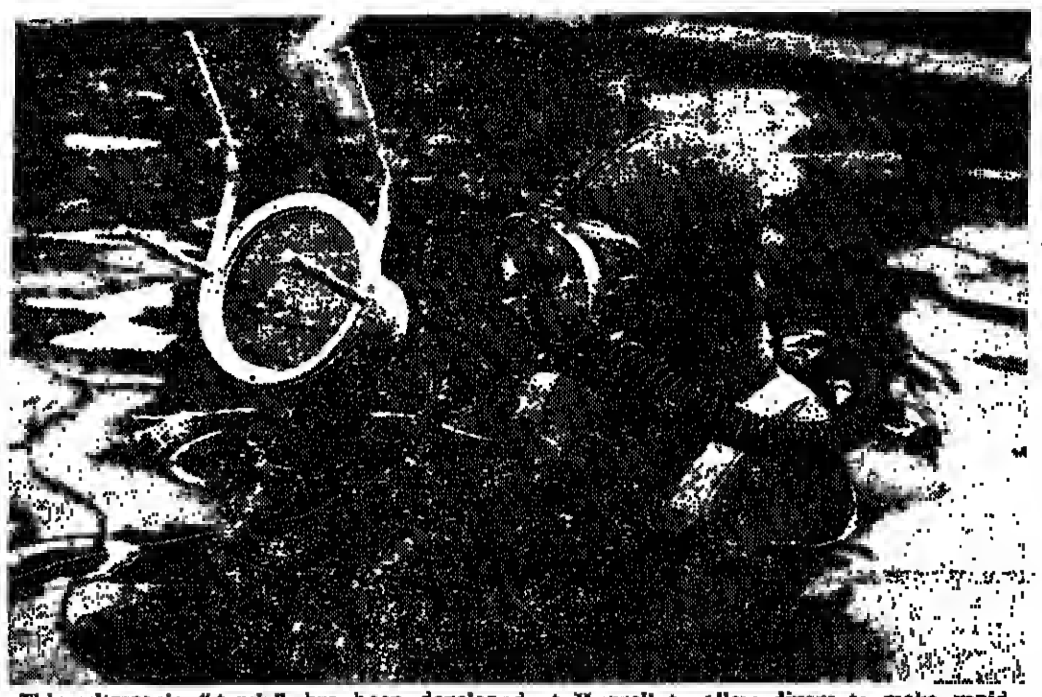
NEW FROM Westinghouse Electric is a system based on oxygen analysis of flue gases and microprocessor control which will allow precise control of air/fuel ratios so as to optimise combustion efficiency in boiler installations.

The company's probe oxygen analyser is used, based on a zirconium oxide cell which measures oxygen concentration; feedback is virtually instantaneous. The microprocessor continuously computes and maintains the optimum air/fuel ratio and at the same time monitors most of the key parameters that might effect combustion. For example, as the boiler ages or fuel and/or air quality changes, leading to drift of the originally set ratio, the micro will automatically bring it back to the required figure.

Manual settings are made on thumbwheels and monitored parameters are displayed in percentages or in engineering terms.

The control unit also provides a print-out of oxygen content together with time of day and other quantities on a small printer, but a chart recorder can be connected to show trends.

More from Bury Mead Road, Hitchin, Herts SG5 1RT (0462 55321).



This ultrasonic "torch" has been developed at Harwell to allow divers to make rapid inspections of welds. It is cable-connected to the surface where a display shows the weld

Fast underwater weld test

AN ULTRASONIC torch developed at Harwell under a programme sponsored by the Department of Energy offers a rapid and economic method for the inspection of the many hundreds of feet of welds that now exist in the underwater zones of offshore structures.

The device looks rather like a small hand-held searchlight with a front face about eight inches across but with legs extending from the perimeter to allow the unit to be "sat on" and located at a fixed distance from the metal surface.

Contained within the housing is an ultrasonic projector which emits a thin pencil beam which is rotated so as to lie in the surface of a cone. While rotating, the beam is pulsed in customary "radar" fashion.

In addition, however, the angle of the axis of the cone is inclined so that the energy on striking the surface is refracted along and within the metal towards the weld behind which the torch is held.

Reflected signals from the weld travel back in the opposite direction and along the same path; they are detected in the torch and passed along an umbilical to the surface. Within the torch the transducers are gimbal mounted and position sensors incorporated into a closed loop servo system ensure that the angle of the cone axis is precisely maintained.

The practical advantage of the system is that the diver no longer has to concern himself with exact positioning and does not have to make painstaking manual scans. Much more rapid operation is possible even in deep water.

Signal processing and display equipment on the parent vessel or platform produce a picture similar to a plan position scan in radar. A straight line weld is seen as such on the screen, bright portions indicating flaws.

More from Building 329, AERA Harwell, Didcot, Oxon (0235 24141).

● COMMUNICATION

Remote telephone answering

ONE OF the annoyances of the telephone answering machine is that the owner usually has to wait until he can get back to the office before he can discover what messages have been recorded.

The difficulty is overcome in the Recordacall TAII, which allows the owner to ring in and hear the messages that callers have left on the machine played back to him.

The answering announcement, recorded on a mini-cartridge, can be changed in seconds using the built-in microphone on the office unit. A loudspeaker will play back the messages in the office.

The machine is easy to use. An indicator light shows that the equipment is ready to operate and a second shows when messages have been recorded. A counter aids rapid location of individual messages.

To obtain the messages from a remote phone, the user applies a pocket sized audio tone generator to the handset microphone, actuating the machine.

More from 119 Gordon Road, London W13 8PR (01-998 6292).

● AUTOMATION

Control of plant

A NEW division to cover electrohydraulics in the UK has been formed by Bofors Electronics and will be based at Bedford with the company's other units covering transducers, strain gauges, process control and weighing.

Based on the experience of the Swedish parent company, the new division will offer complete systems engineering, advice on the selection of components, system installation and commissioning.

With a combination of transducers, electronic units, servo valves and actuators, the company will be able to offer systems for the control of valves, pumps, motors, positioning, co-ordinates, rotational speed, pressure force torque and power.

More from the company at Maoton Lane, Bedford MK41 7PB (0234 62637).

● PROCESSING

Sorts the aggregates

DESIGNED FOR the sorting of mineral aggregates in the quarry and mining industries is a new series of mobile screening units to be shown at Solidex '80 (national solids handling exhibition) at Harrogate, March 31-April 2.

Units comprise a range of four all-electric machines each fitted with a different size screen that gives two product sizes and a reject.

A large-capacity machine, the unit is said to be simple, inexpensive and uncluttered in design (due to its rectangular structural sections) and is most suitable for handling crushed stone and the coarser grade of aggregates, such as quarry limestone, slag, sand and gravel.

Further from Allton Engineering, PO Box 4, Ure Bank, Ripon, North Yorks (0765 4351).

● HANDLING

Unloading is speeded

RECEIVING and recording bulk materials delivered by rail has been turned into a highly automated operation by W. and T. Avery with a load-cell weighbridge with an open superstructure between its weigh rails, allowing flowing materials to be unloaded directly from bottom-discharge wagons through the bridge itself and on to an underground conveyor.

Each incoming wagon can be gross weighed, unloaded, and tare weighed in an uninterrupted operation, without moving the load from the weighbridge. Thus, there is no need for separate gross and tare bridges. Wagons do not have to be uncoupled, as they do with tippler unloading and a single supervisor can look after all wagon marshalling without trackside help.

Two of the systems, both of 60 tonnes capacity, have been ordered already by the CEGB for weighing coal deliveries to Carrington power station.

W. and T. Avery, Smethwick, Warley, West Midlands, B66 2LP. 021-558 1112.

Will carry powders

PROMISING TO be the most economical and efficient carriers of powdered materials available in the UK is a new range of flight in tube screw conveyors with over 250 varieties of size, power and spread, says Portasilo, Huntington, York (0904 24872).

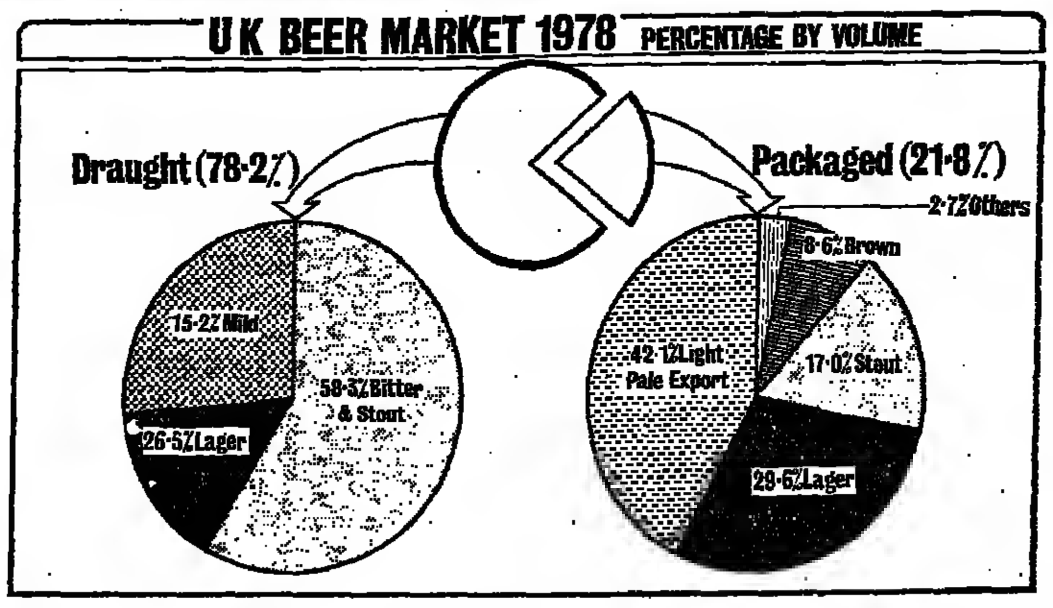
These are designed to suit the requirements of the powdered material industry and the totally enclosed and highly robust units will cut labour costs and losses through spillage.

Supplied complete and ready for immediate installation, they are made of mild steel and include a standard unit capable of handling up to 60 tons per hour.

FINANCIAL TIMES SURVEY

Tuesday March 4 1980

Brewing Industry



Brewers, already working to tight margins, are concerned about the possible effects of a Budget price rise. However, they have a runaway success in the sales of lager and have begun a £1.5bn three-year programme to modernise breweries and improve public houses.

Cost of workers' pint at stake

By David Churchill
Consumer Affairs Correspondent

THE BIG question facing the brewing industry this month is whether the Chancellor of the Exchequer will decide in his Budget to increase the duty on beer. The consensus of opinion within the industry is that he will increase it—for the first time in three years—and some prudent brewers have already made allowance for a 2p to 3p duty increase.

Last year, however, the expected increase in duty failed to materialise, probably because it would have been unpopular for a Labour Government in an election year. But this year a Conservative Chancellor is likely to have no such scruples and, no doubt, would have considerable support from the Conservative Party's grass roots for increasing the cost of the "working man's pint."

While the brewing industry itself was geared up last year to react sharply to a duty increase, this year the reaction to any rise should be far more muted.

A year ago the brewing industry was feeling extremely sensitive to any form of Government intervention since it considered that the industry was fast becoming a political football. During the 1970s there were a number of investigations and developments, including a Monopolies and Mergers Commission study, one main Price Commission review of the whole sector and three individual investigations of brewery companies.

In addition, the brewers have twice had to agree to "voluntarily" exchanging their public houses with each other to increase competition.

Although the new Competition Bill could pose a threat for some brewers—any anti-competitive practice which restricts trade can be investigated by the Monopolies Commission — the brewing industry hopes that the early 1980s at least will be free from the sort of interference experienced throughout the last decade.

An increase in duty, therefore, will not antagonise the brewing industry so long as it is the only form of Government intervention in the 1980s.

But even if the Government largely stays away from the brewing business, the brewers have problems enough in other areas.

In the main these problems stem from the fluctuations in demand for beer and the rising cost of producing and distributing it. In addition, the traditional retail outlet for beer, the public house, is facing stiff competition not only from beer bought from supermarkets but also from the rapid growth of drinking clubs.

Moreover, the social problems intensified by alcohol are also threatening to affect the industry since, if a strong temperance lobby emerges, *sales could be hit sharply.*

The key to success in brewing lies very much in increasing volume sales on a low margin while at the same time keeping tight control over *costs.*

Preferences

However, the problem with stimulating demand for beer is that despite all the advertising and study of tastes, consumer preferences and demography, the level of sales is largely determined by the weather. "The beer trade *always* does well when there are prolonged sunny spells and last year there were practically none," the Brewers' Society points out.

This meant that the overall increase in the beer market during 1979 was only up by 1.8 per cent on the previous year. This was broadly similar to that in 1978 and 1976 and was appreciably better than in 1977 when there was a decline of 0.6 per cent.

Even so, the UK beer market last year still amounted to 42.4m barrels (*called bulk barrels in* the trade)—which represented 12.2bn pints a year, or 33.4m pints a day.

But while the weather probably is the key short-term determinant influencing demand for beer, there are other factors at work.

In the past, demand for beer has been largely resistant to price increases. Regular drinkers grumble, but usually pay up and do not restrict their consumption. But with the recent hefty increases pushed through to the pubs by the brewers—*up to* 6p per *pint* in some cases plus the prospect of another rise after the Budget—then the regular beer drinker who consumes 20 or more pints per week may decide to cut back. Even a drop of one pint by a 20 pints a week drinker is a 5 per cent fall in consumption among this important group.

However, in the event of a general increase in drink prices the beer market may also benefit from drinkers "trading down" from the more expensive spirits to beer, as their real disposable incomes are reduced.

Of greater relevance, perhaps, to the future state of demand are the changes in population and consumer preferences. The recent Jordans survey on the brewing industry pointed out that "the above average growth seen in the population in the 15 to 29 age group has helped consumption in the past." Jordans further point out that this section of the population will have risen by 3.9 per cent in the five years up to 1981, compared *with* an 0.2 per cent fall in the total population.

It is without doubt the impact of young people and women drinkers that has had the greatest new impact on beer sales in the 1970s. These two groups in particular have created the *phenomenal growth* of *lager* sales in the UK.

Sir Derrick Holden-Brown, chairman of the Brewers' Society, pointed out recently the threat that the lager boom had posed to the British brewing industry. "Had we failed to recognise the shift in consumer taste," he says, "a high proportion of the 10m pints a day of lager sold would now be foreign-produced, imported at great cost to the beer drinker and at considerable consequence to the balance of payments."

Available rate

The Brewers' Society forecasts, based on the available demographic data, *show* that beer sales will expand at a "reasonable rate" throughout the 1980s so that by 1990 sales should exceed 50m bulk barrels. This would represent a 9m bulk barrels increase over the decade, a similar figure to that during the 1970s.

However, the *growth* rate *will* be just under 2 per cent, which is less than the 2½ per cent average growth over the past two decades.

The Society has revised its previous forecast for the current year downwards to *43.6m bulk barrels to take* account of the general economic conditions and in anticipation of some initial resistance by consumers to higher prices. "We have assumed that next summer will, at least, be average and therefore somewhat brighter than in the past two years, and that we shall recoup any trade lost in the early part of the year," Sir Derrick says.

Apart from the level of demand, the brewers' main worry in the 1980s will be soaring costs, of *raw materials,* labour, energy, and distribution.

This concern over costs is likely to be of great interest to the many thousands of exhibitors and visitors to the Brewex '80 exhibition at the National Exhibition Centre, Birmingham, later this month. Brewex is the main UK event for the brewing, bottling, and allied trades.

To help meet the challenge of rising costs, the brewing industry this year has earmarked about half the £500m investment planned for creating new brewery plant and increasing distribution efficiency. The balance of the investment will go into the retail trade, mostly on the building and renovation of pubs. In 1981 and 1982, an increasing proportion of brewers' investment will go to *the retail end of the trade.*

This reflects the brewers' concern that competition from the take-home trade and clubs is hitting the traditional outlets. And since profit margins from both take-home outlets and clubs are believed to be less than from the pub trade, the growth in these areas has put a damper on brewery profits.

The threat to the traditional pub has forced the National Union of Licensed Victuallers to seek a meeting with the Home Secretary to press for the restrictions on opening hours and profitability with which pubs must comply to be applied to clubs.

Premier place

Even so, market research by the Brewers' Society has shown that the pub still retains its premier place as Britain's most popular place of entertainment outside the home.

The problems facing the industry have not prevented the major brewers from becoming some of the largest advertisers in the country. In 1978, press and television advertising alone — excluding posters—amounted to nearly £22m, with that figure estimated to have been comfortably exceeded last year. Bass and Guinness, in that order, were the big two advertisers in 1978 but the positions are understood to have been reversed last year.

The major change in beer advertising in recent years has been the switch from the promotion of keg beers to equally strong support for the new lagers. The importance of lager in the total advertising budget is reflected in the emphasis towards summer promotion. Almost two thirds of the industry's beer advertising is spent between April and September.

Even without heavy advertising, one of the main shifts in the brewing business in the 1970s was the growth of the so-called real ale movement, spearheaded by the Campaign for Real Ale. Although this has not totally upset the beer market—most drinkers still buy modern draught beers—it did force the big brewers to rethink their marketing strategies and has shown just what a dedicated consumer lobby can achieve.

Sir Derrick Holden-Brown, however, sums up the 1970s in a different way: "Brewers have been bold in their research, in their response to changes in customer demand, in their capital investment, and in their deliberate decisions to keep their books balanced."

The outcome, he says, has been modest but with consistent volume growth over a long period.

"This has provided both the brewing industry and the retail trade with a degree of stability that compares more favourably with much of the rest of British industry," he states. "It also gives us a base from which we are able to continue to project growth."

CONTENTS

British beer drinkers insist on wide range

IT CAN FAIRLY be said that British beer drinkers are the fussiest in the world. Even though they are only ninth in the world league table of consumption (210.3 pints a head in 1977, compared with West Germany's 261.7) they insist on the widest possible range of beers — mild, bitter, stout and lager, in cask, keg, bottles and cans.

This wide range gives plenty of scope for drinking habits to change and, as we know, the British beer drinker has for more than a decade been voting for more and more lager, which is dealt with in greater detail in another article.

Certainly the brewers are still convinced that there is plenty of scope for growth in lager. But where they are not of one mind is on the future of traditional cask bitters, which, in the late 1970s, have been regaining some of the substantial ground lost from a decade earlier to keg beers.

Campaign for Real Ale, the beer drinkers' pressure group that must take a lot of the credit for altering the brewers' policies, is convinced that traditional cask bitter will continue to gain a higher share of the market, even though some brewers are basing their strategy on the belief that the growth in this area has levelled off. CAMRA has designated 1980 as the year for the North East, an area dominated by Scottish and Newcastle Breweries, where bear from the pump is hard to come by.

They are also mindful of the fact that Whitbread, one of the six major groups in the UK, does not produce cask bitter from its principal brewery at Luton, and has started "importing" this type of beer into the London area from its Wethered and Fremlin subsidiaries.

There is a view that most of the gains traditional bitter has made in the past few years has been at the expense of traditional mild, although the Midlands, where the greatest proportion of cask beer is drunk, is still holding firm to its support for mild, in spite of tendencies elsewhere.

But there is a key pointer here. It is noticeable that brewers' advertising has altered; how the emphasis is less and less on "national" advertising and increasingly on regional beer loyalties? The fact is that, having become more and more national groupings, the major companies are moving now to decentralisation, to organising themselves on a regional basis and allowing local management to assess the local market, and to varying the overall general policies to suit geographical preferences.

The Watney Mann Truman group, Bass, and Allied Breweries have been among the leaders in local self-determination. Watneys, once the prime target of CAMRA's attacks over the restriction of choice, now has 14 cask beers available up and down the country, promoted and sold under local names. Regionalisation seems here to stay.

Watney Mann Truman, which is part of Mr. Maxwell Joseph's Grand Metropolitan empire, is also leading a national movement away from plastics and chrome decor in pubs, and back towards wood and pottery. They are spending a lot of money on signwriting—and the signs emphasise traditional and local beers, and the warmth of tha welcome inside.

Heavy fall

While there is no sign of a reversal in the progress of the take-home market, from off-licences and supermarkets, which has meant that higher proportion of buying has been carried out by housewives, the proportion of bottled beer drunk in pubs has fallen heavily. The industry now sees the proportion of draught beer to packaged beer as about four to one. In 1971 73.5 per cent of beer sold in the UK was draught, with 26.5 per cent in containers.

At the moment more than 8 per cent is sold in cans—which are favoured by supermarket customers—but the environmental lobby is girding its loins, encouraged by the emphasis on returnability of containers in the United States, the ban on canned beer sales in Denmark, and the ban on ring-pull cans in Australia, and it is doubtful whether sales of beer in cans are likely to increase in proportion in the UK.

UK BEER CONSUMPTION

Year	Bulk Barrels (millions)
1972	36.1
1973	36.6
1974	39.2
1975	39.1
1976	39.6
1977	40.8
1978	40.9

Source: Brewers' Society

Incidentally, it is interesting to note that the Republic of Ireland is the only other country in the world where more than half the beer sold is draught.

It is worth recalling that back in 1959, 65 per cent of beer sales in the UK were draught, and all of that in cask, and 35 per cent were bottled, and that now, despite the pressure against pressurised beer, only 16 per cent is in cask, and about 13 per cent bottled.

Apart from the general trade confidence that the lager field is still growing (with increases in the types of lager available from each outlet), it would be a very wise man who could forecast the changing pattern of British beer drinking. This perhaps is why regionalisation is the order of the day.

But one trend that is discernible is the decline in premium bitters and stouts, which now have less than 14 per cent of the industry's volume compared with 17 per cent a few years ago. This may well be partly attributable to a growing consciousness about weight, and to the associated phenomenon that drinks which are lighter in colour are more favoured.

It is significant that a considerable amount of beer advertising nowadays is directed to products lower in carbohydrates and the suggestion that you can carry on drinking beer and still stay slim. Since these beers are predominantly in the lager field, there may be scope for expansion. Or, to put it differently: there may be opportunities for marketing lower-carbohydrate beers that are not lagers. Who knows, maybe even a slimmers' Guinness!

The UK imports more than three times as much beer as it exports — 1,563,000 bulk barrels in 1978 compared with 431,000. But, if the 1,107,200 barrels brought in from the Republic of Ireland are disregarded — and we know what most of that was — there is not a lot of difference between the two figures.

Imports have been falling more substantially than exports, though West Germany doubled its penetration of the UK market between 1975 and 1978, accounting for 346,800 barrels — 22 per cent of imported beer.

To the drinking man, a weekly consumption of just over five pints of beer per head of those aged 15 and over may not seem an impressive statistic — but he has to make up for a lot of other people's abstinence. And the fact is that this is an increase of more than a pint a week since the early 1970s. Put another way, average beer consumption has grown by more than 16 per cent from 1970 to 1974, but by only 3.3 per cent between 1975 and 1978.

Since the early 1960s spending on beer has risen roughly in line with consumer incomes, and it now represents just over 4 per cent of total consumer spending. Demand for beer is expected to grow by about 2 per cent a year, which would bring the total volume up to 51m barrels by 1988, although it has stuck at just under 41m barrels for the years 1977, 1978 and 1979.

Yet perhaps it all depends on the weather. In a hot July or August consumption is 60 per cent higher than in a cold February or March. So, if the temperature is higher than average for most of the year, thirst will flourish and so should the brewers—if they can produce the right range of beers to satisfy the changeable British drinker.

James French

Lager boom still growing

AS THE lager phenomenon moves into the 1980s, the only two questions that really matter are how far the popularity of lager will continue to grow and which brewers and brands will emerge on top.

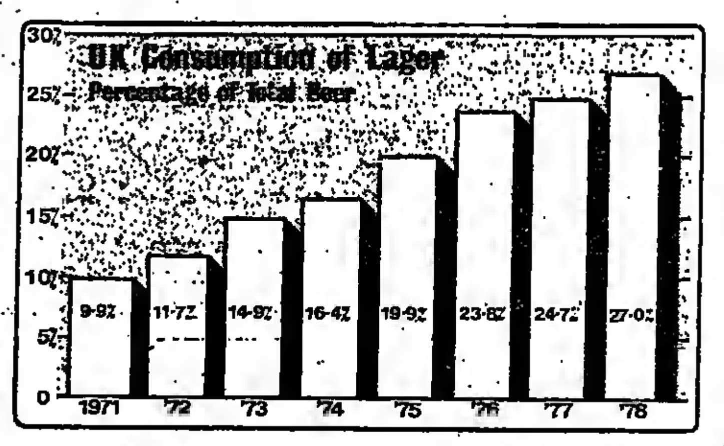
Lager now accounts for more than one in four of all pints of beer drunk in Britain, and there are few sceptics left who can still dismiss the lager boom as a short-term variation in beer sales. Indeed, many people within the trade remain convinced that it will not be long before the UK joins the rest of the world where lager is the predominant beer drunk.

Yet such optimism in the long-term future for lager has still not prevented the big brewera from engaging in a fierce marketing war to promote their particular brands—spending more than £14m on promoting over 140 different lagers in the press, television, and on posters.

Lager's share of the total beer market has grown from less than half a per cent in 1960 to 27 per cent in 1978. Although accurate figures for 1979 are not yet available, some estimates suggest that lager last year took at least 29 per cent of total sales.

The lager boom throughout the 1960s and 1970s is even more remarkable given that lager has been brewed and drunk in the UK since the last century. Records show that lager was brewed at Wrexham and Glasgow in the 1880s, and in the early 1900s lager brewing facilities were developed at Burton-on-Trent, Edinburgh, Alloa, and London. In fact Thomas Lampray, editor of the Brewers' Guardian, went so far as to suggest in 1881 that "there is a strong possibility that German lager will replace traditional ale in the next 20 years."

Mr. Lampray's prediction, however, went awry as for decades lager sales remained steady at about half a per cent of all beer sales. Lager, moreover, was still regarded as a Continental, pricey, and somewhat effeminate drink. Yet all that has changed over the past two decades and, more especially, during the 1970s.



Better chaser

The reasons for the lager boom are many and some of them complex—with the position complicated even further by the fact that the lager boom started much earlier in Scotland for apparently different reasons. Lager has quadrupled its share of the Scottish beer market from the 11 per cent share it held in 1966. The most commonly stated reason for this is that lager is a better chaser with whisky than the traditional heavy Scottish beers.

Apart from 1977, the UK has enjoyed a succession of fine summers throughout the 1970s, culminating in the exceptionally hot weather in 1976 when demand for all beers, especially lager, reached record levels.

But the weather is obviously not the only factor, since this influences all beer and drink sales, not just for lager. Stockbrokers W. Greenwell and Company suggest that the level of personal disposable income has as much to do with demand as has the weather. In 1973, it is pointed out, real income rose by over 6 per cent and, in spite of a poor summer for weather, lager sales rose by 34 per cent.

Although the weather and personal spending power are obviously the key determinants, there were several other reasons for lager's growth in the 1970s.

Increasing affluence led more people to travel abroad, where lager is the main beer sold. Thus consumers who had tasted Continental lagers were willing to recapture the experience in their local pub at home.

Moreover, the 1970s have seen more women and young people becoming regular drinkers. For both groups, lager has provided an acceptable alternative to traditional English beers.

The switch to lager in the 1970s was also in line with the world-wide trend in the drinks market towards light, clean, and relatively bland products at the expense of darker and heavier drinks. This is shown by the upsurge in demand for white wine, vodka, and white rum. Market experts, such as Mr. Joe Walker from Whitbread, have pointed out the parallels with the rapid consumer switch from plain to filter-tipped cigarettes. The latter, like lager, successfully overcame a "non-manly" consumer image.

Mr. Edward Guinness, chairman of Harp Lager, also suggests another reason for the boom. "Perhaps the simplest answer is that there is a growing number of people who actually prefer the taste of lager," he says.

One of the key marketing questions over the next few years will be what effect the break-up of the Harp consortium will have on the market. The restructuring of the Harp consortium has seen Guinness taking the major shareholding —after having previously held an equal share with Courage and Scottish and Newcastle—with Greene King and the Wolverhampton and Dudley breweries the minority shareholders. But with both Courage and S & N now free to put their full resources behind their own lagers, the market seems set for some fierce competition.

Although accurate market share figurea are not available —because of the fast growth of the market—it is generally assumed that Bass is the market leader with its well-known brands of Carling Black Label and Tennents. Bass is estimated to have about 28 per cent of lager sales. This is followed by Harp, with its Harp and Kronenbourg brands, which have about 20 per cent of the market.

Allied Breweries and Whitbread then vie for third place, with about 15 per cent of the market each. Allied's strength is in Skol, which is also brewed in three specialised forms—Skol Continental, Skol Special Strength, and Skol 2000.

Whitbread's major brand is Heineken. Carlsberg is the other major lager producer with its Carlsberg brand, a Danish drink brewed primarily at Northampton and also by Watney Mann and Truman under licence. The remaining brewers have about 9 per cent of the lager market between them.

The bulk of lagers are described as standard lagers, with original gravities of less than 1040 degrees. But there is a growing trend for stronger lagers—with original gravities above 1040 degrees—which are known as premium lagers. Premium lagers, which are predominantly sold in cans or bottles, are more popular with men in the south of England who have never quite overcome the feeling that ordinary lager is somewhat effiminate.

The other major growth sector for lager is the low-carbohydrate lagers, known more popularly as "lite lagers." These lagers are aimed at the weight conscious drinker, but the actual health aspects may be more apparent than real.

David Churchill

Independent brewers viable again

ALLIED BREWERIES paid a considerable compliment to the regional and local breweries last year when it launched a five-year plan to revive its old brewery names and return to traditional cask conditioned local ales.

The smaller groups flourished in the 1970s with an increase in sales averaging about 6 per cent a year compared to the larger companies' 1 per cent growth rate. The six major regional groups and 66 local firms have showed a strong resilience coupled with an expanding market.

Local breweries bad been very much the rule in brewing until tha development of a national beer market in the post war period. Historically their decline was caused by defensive merging in the 1960s, the steady declina in demand up to the 1950s, death duties in a family run industry and the need to improve public bouse amenities.

The Price Commission report in 1977 indicated one of the relative strengths of the independent brewers. Rates of return on capital employed in production and wholesaling for regional hreweries at 46 per cent and for local brewers at 53 per cent were significantly higher than for the larger ones at 32 per cent on average.

The National Economic Development Office hrewing sector working party report in 1977 devoted special attention to the role of the small brewer. It defined a small brewery as one producing less than 1 per cent of the national market, about 400,000 barrels per year. The report found 64 companies in this category, of which 47 were believed to be family controlled, and family influence was considerable in the remaining 17. Between them, the small hrewers controlled about 16 per cent of the market.

Family ties remain strong among the local groups and has nelped with their industrial relations. A strong element of paternalism combined with strong trade union tradition bas often meant the brewers offer songht-after employment in their areas. In many small country town breweries it is qulte common to find workers wbose families bave worked there for four generations.

Brand loyalty

Regional and smaller hreweries have enjoyed better industrial relations than their larger competitors. The smaller catchment areas bas meant lower distribution coats and a certain degree of hrand loyalty.

Local loyalties have been markedly increased by the activitiea of the pressure group Campaign for Real Ale. The Brewers' Society tends to be dismissive of the group's impact and points out that real ale bas probably done no more than maintain its 15 per cent share of the beer market. But it bas attracted considerable publicity and given local brewers a cachat.

The regionals and the local brewers have not invested in lager production in the past, prererring to leave production to the bigger groups. Lager production bas been expensive and involves more space than ordinary production. There now seems to be a change with a conple of independents planning lager plant.

Brewing has traditionally been seen as an industry where economles of scale predominated, with falling costs on larger production runs. The big brewers had invariably gained, but now several anthoritative commentators have questioned this approach.

The regional and smaller brewers bave also gained by not being so heavily involved ln the free trade which is increasingly competitive. They have also placed considerahly less emphasis on the system of loan ties to free trade outlets which has produced low margins for the Big Six. Instead, the independents bave relied on competitive pricing, usually a couple of pence less per pint than national products, and good quality control.

The brewing sector working party found that there was undoubtedly a public demand for the traditional small brewers' products and they provided an element of extra choice. The Brewers' Society is proud of the fact that British consumers bave one of the widest choices of beer available in tba world and local prodncts bave also been appreciated by tourists.

The tied house ia proportionately more important for the regionals aod locals. The smaller brewery companies are concerned with possible interference with their tradltional contract with the teoants.

The regionals and to a greater extent the smaller companies tend to ba much more dependent on the maintenance of traditional methods than their larger competitors with lucrative outside interests.

The locals and regionals do not bave the extra cost of national distribution systems which have proved increasingly expensive. They have also remained for the most part outside the take bome trade in the supermarkets. There, aggressive pricing has meant low margina for the big brewers.

Some rellef could be offered to the small hrewers in this month's Budget. Sir Geoffrey Howe, Chancellor of the Exchequer, bas indicated he inteods to reduce the level of Capltal Transfer Tax which has hit the smaller breweries particnlarly. CTT, compounded by inflation and the success of their husioesses, has pushed valuations into bigher tax brackets while denying the companies facilities for generating funds for investment and working capital. This has met with much concern in the industry in the past few years.

W. Greenwell aod Co., the stockbrokers, in their analysis of the brewing industry last autumn, commented favourably on the way in which the regional brewers have taken markat share away from the nationals. The survey said that since 1970 the average growth of share prices of the national brewers has been 85 per cent, while that of the regionals over 300 per cent. "Even the best performers among the nationals (Bass at 150 par cent and Whithread at 145 per cent) cannot match the worst performances among the regionals."

Adverse effect

However, it would be over optimistic to suggest market conditions are entirely favourable. The growth in beer production is projected to be slightly less than the industry had heen used to during the 1970s. The squeeze on personal disposahle income with the recession is likely to have an adverse effect on demand, particularly in an Industry that is almost entirely geared to the domestic market.

The decision by Vaux, tha Sonderland based brewer, to sell its Scottish tied estate to Allied Breweries at the beginning of February suggests the difficulties the independents run into wheo they decide to expand outside home territory. Vaux ranks with Wolverhampton and Dudley and Greenall Whitley io the top ranks of the regionals. However its wide geographical base in the North East and Scotland bas proved a disadvantage.

The Scottish side of the business, a brewery and 214 pubs, provided an unsatisfactory rate of return on capital and a low share of the market. The aim of the deal worth £21m for Vaux was to enahla it to concentrate on its North East region. The most successful companies bave heen those which have bullt up strong local organisation, advertising and loyelty.

The nationals are now making determined efforts to stop the regionals and locals taking an increased market ahare. The Allied move into Vaux's Scottish outlets provides one example. The independents however are convinced they bave the flexibility to meet the challenge. They are optimistic they can avold the labour problems of the larger groups and that they can concentrate on the more profitable aspacts of the industry.

Gareth Griffiths

Extra costs for Big Six

THE BIG six hrewery groups which dominate the indnstry felt very mnch on tbe defensive in the late 1970s. Their market share at about 75 per cent bad declined ln the face of regional and local breweries. They bad also felt under attack from the last Government, particularly with what the industry considered an unfair and inaccurate Price Commission report in 1977.

The lifting of price controls last year and the ending of the Price Commission has lifted the spirits of brewery chiefs, althongh forecasts for the growth of the beer market in the 1980s show an annual rate of about 2 per cent compared to the 2½ per cent the Industry has been used to since the 1960s.

Sir Derrick Holden-Brown: intense competition

Structurally, the Industry has settled down since the great wave of mergers in the 1960s and to a lesser extent the early 1970s. The Big Six, Bass, Allied, Grand Metropolitan, Whitbread, Courage and Scottish and Newcastle are a distinct group compared to the rest of the industry although there are marked differences between them.

Scottish and Newcastle, the most vulnerable of the six bas been making efforts in the free trade market and improving its distribution system. The Allied group has also lost in market share. Courage, part of Imperial Tobacco, has also beeo losing market share. Grand Metropolitan and Whithread have both being doing well.

The National Economic Development Office's hrewing sector working party identified nine clear differences between the Bix Six and the regional and local groups. The reason for enumerating and evaluating the differences was that the Price Commission's report bad found that while the hig breweries charged more for their beer, profit margins were lower than those of regional and local brewers. There was alao a lower rate of return on capital investment, 32 per cent on capital employed in brewing compared to 46 per cent for tha regionals and 53 per cent for the locals.

Large brewers produced a far wider range of prodncts, the working party found. They bad undertaken proportionately more research, had in general Invested more heavily and had younger production facilities and on the retail side had more modernised premises.

Net benefit

In the increasingly important lager area the large brewers bad developed production to a far greater degree than anyone else. The sector working party concluded the net benefit of that extra investment could only be assessed over a long period.

The large breweries have also produced a much larger proportion of canned beers for supermarkets. Aggressive prlcing rather than brand loyalty counts with the housewife and profit margins are relatively low. The takeaway trade boomed in the 1970s and acconnts for more than 8.5 per cent of the total market. The Big Six dominate the field and the main move has been Bass's recovery. It now runs neck and neck with Allied as the largest producer in this market.

The Big Six, with their national distribution system, have also accepted an obligation to maintain outlets in remote areas of marginal profitability. This fits ln with the industry's tradition where community obligations to keep pnbs on as social amenities bave often outweighed purely commercial criteria. The larger breweries bave also bigher advertising costs and lahour costs. The sector also reported they were more vulenrahle to industrial action.

These extra costs and their effects on return rates bave been accentuated by the increasing competition in the free trade, i.e. that not under the direct control of the hreweries. Sir Derrick Holden-Brown, chairman of the Brewers' Society, argued at the beginning of the year that this competition was intense and increasing. He also said it should provide a major inducement to enterprise.

Rationalisation

The large hreweries have been getting rid of their tied public houses over the past two decades. In 1967, brewers owned 58,525 public houses or 78 per cent of the total. By 1977 tha figure had fallen to 50,739 or 68.1 per cent. About 37,000 belong to tha Big Six. Over the next five years it is estimated the number will fall by about 5,000, with the Big Six losing proportiooately the most.

Reasons for the shift include a rationalisation of the numbar of ontlets, particularly in rural areas and the inner cities. To compate in the intensely competitive free trade sector, brewers bave made loans to the outlets. The subject is a sensitive one. Figures are surprisingly difficult to obtain, but the Brewers' Society survey of investment for 1978 to 1981 estimated trade loana running at an average of £33m a year. The industry argues that free trade loans are part of its tradition and enable it to secure ontlets for its products.

Mr. Colin Mitchell, a partner in stockbrokers Buckmaster and More and a leading analyst in the drinks sector points out many clubs now obtain loans from several breweries simultaneously. Many publicans and club stewarda want to ensure that their supplies come from several breweries and the breweries have not objected. Mr. Mitchell, in a survey of the industry, argues there is now a sizable subsidy, particularly from the big brewers, to these free trade outlets.

This year, the industry plans to invest £500m. Half will go into hrewing plant and distribution and the other half into the retail trade. True to form, the Big Six will provide the overwhelming part of this investment. But average return on capital averages about 13 per cent according to tha Brewers' Society and sligbtly under that according to Mr. Mitchell.

Gareth Griffiths

Increasing pressures on traditional pub

ABOUT 30m people are regular frequenters of public bouses throughout the UK, with some 10m or so people visiting a pub at least once a week.

But in spite of its continuing popularity, the traditional British pub is coming under increasing pressures similar to those being faced by all small retailers in Britain's High Streets.

Pubs are baving to come to terms, not only with rising prices for beer, labour, energy and other operating costs, but also to deal with the growing challenge from clubs for a sbare of tbe drinkers' spending power.

Although Government scrutiny of the brewing industry's affairs bas, temporarily at least, been called off, the effects of previous Government interventions are still being felt. The big brewers are quietly pressing ahead with the programme of 1,000 pub swaps planned to be completed by the mid-1980s.

The character and flavour of the traditional British pub bas developed over the centuries largely as a result of the close relationship between the brewer and his retail outlets. The brewer bas in the past needed to be certain of bis outlets for wbat used to be a very sbort-life product. Thus the tied bouse system developed, whereby brewery companies owned substantial numbers of pubs which almost exclusively sold their beer output.

But while the brewery companies still dominate the pub trade in the UK, their ownership of pubs is declining. In 1967 brewers owned 58,525 "on-licences," or some 78 per cent of the total of on-licences. As a proportion of all licensed premises in the UK, including off-licences and clubs, the brewers' share was 48.3 per cent.

By 1973 the absolute number of pubs owned by brewers bad declined to 53,276, which represented a proportion of 73 per cent of the total number of pubs. In relation to all outlets, the brewers' sbare bad declined to 39.3 per cent.

Bnt by 1978, the number of brewery-owned pubs bad dropped to just over 50,000 and the percentage to abont two-thirds of all pubs. And the proportion of brewery-owned outlets to all outlets had dropped also to about a third.

The brewers argue that their ownership of pubs and the ability to exercise control over what is sold in them means that they have the incentive to spend large sums on improving standards. Out of the £1.5bn of investment by the brewers in the industry over the next three years some 60 per cent—or more than £750,000 a day—will be spent on developing and improving pubs.

Unique feature

Most brewery-owned pubs—seven ont of every 10—are let to tenants. The brewers claim that this combination of large-scale ownership with a high degree of independent operation is another unique feature of the British pub and brings important advantages. Despite his comparatively small capital stake, the tenant is in a position to give his pnb some individuality. He can introduce entertainments, speciality foods, and also be belped by his family in the running of the pub—a useful point given the unsocial bours which bave to be worked.

The problems facing the pnb stem from the economic pressures of running a small business at a time wben all costs are increasing rapidly. Although the big brewers are conscions of their responsibility in many areas to keep small village pubs open, in some cases this can prove impossible. Yet even thongh the big brewer may pull out, often the pub will be taken over by an individual and become a "free" house.

In fact the steady decline in the number of pubs since the war has been balted over the last few years and an increasing number of pubs are being licensed. In 1978 there were just over 75,000 pubs, a rise of more than 500 over the previous year, wbicb means that the number of pub outlets is now back to the level reached in the mid-1960s.

However, the traditional pub is also facing a growing challenge from the licensed clubs wbose numbers bave grown steadily to reach just over 32,000 at present. Tbe clubs' challenge is belped by their more liberal licensing bours as well as their freedom to operate fruit macbines to give large pay-onts. Jackpots paid out by pubs are limited by law and are therefore less attractive to gamblers and less of a source of revenue for publicans.

To help meet the challenge from the clubs and other pressures, more thougbt than ever before is going into pub development in the 1980s. To build a pub of the appropriate size is important not only for economic reasons, but also to ensure that it provides the amenities wanted in particular locations. Public preference, for example, is for a pub wbicb seems reasonably full and does not appear too empty at slack periods. Much depends on local babits, such as wbether customers tend to stand around the bar, sit at tables, or want to play games such as cards, darts, skittles, and so on.

Mr. Philip Boddington, joint managing director of Boddington's Breweries of Manchester and a member of the Brewers' Society estates committee, points out that apart from size, many sites are far from ideal.

"But by using the skill and experience accumulated by the brewing industry over many years," he says, "successful pubs can be developed almost anywhere — such as on large landscaped sites or on very small sites in suburban areas."

Whatever the technical problems of planning for a new generation of pubs in the 1980s, the brewing industry bas a sound base on which to build. A recent Brewers' Society survey, carried out by tbe Market and Opinion Research International organisation, found that the pnb was visited by three out of every four people during the course of a year. The next most popular form of entertainment was visiting a licensed restaurant, followed by dancing, visiting the cinema or theatre, or drinking in a wine bar.

The survey also asked people wbat were the best features of their ideal pub. The three most important features to emerge were cleanliness, comfort and friendliness.

David Churchill

BREWERS' OWNERSHIP OF LICENSED PREMISES IN THE U.K.

Type of licence		1973	1976	1977	*1978
On-licence	Managed	14,845	14,825	14,429	14,200
	Tenanted	38,431	36,429	36,310	35,900
	Total number	53,276	51,254	50.739	50,100
	As percentage of all UK "ons"	73.0	69.0	68.1	66.5
Off-licences	Managed	2,790	2,804	2,790	2,700
	Tenanted	3.073	2,255	1,992	1,800
	Total	5,863	5,059	4,782	4,500
	As percentage of all UK "offs"	17.3	13.6	12.5	11.5
Other premises	Restricted "on" licences and clubs	199	196	201	220
Total of all premises	Number	59,338	56,509	55,722	54,900
	As percentage of all UK premises	39.3	35.5	34.3	33.0

Source: Brewers' Society. * Estimates.

Strategy of the brewers

WHEN A U.S. research team last year suggested that whisky and beer contained cancer-inducing substances, the Brewers' Society was quickly able to issue a statement pointing out that the cause of possible harm (and there was only a minute risk) was being dealt with. The society bad initially monitored research work in Germany on the subject and had started a comprehensive examination of the problem in the UK long before any Government department bad requested official action.

The society's action was further evidence of the key role it plays in the brewing industry, a role which is often understated simply becanse — like many trade organisations—the society is often taken for granted.

The Brewers' Society was formed in 1904 by the amalgamation of three bodies—the London Brewers' Association, the Country Brewers' Society, and the Burton Brewers' Association. Although there were some 5,000 licensed brewers in existence at that time, the combined membership of the new society in its first year was only 642.

This, bowever, reflected the fact that the brewing industry at that time consisted of a large number of small brewers. Large brewery groups did not develop until it became imperative to achieve the benefits of large scale production and the technology improved to allow better storage and transport of beer.

Although attempts had been made for more than 20 years to bring the various trade associations together to form one group, it was the impetus of the legislation controlling pubs and the growing temperance movement that finally brought the society into being.

Apart from organising the public and publicans to lobby governments over the various legislative reforms for the industry, the society soon developed a more loog-term strategy which it has maintained until today.

This strategy was that in an industry where feelings are high about the quality of beer, it was in the industry's interests that beer always reached the consumer in its best condition. Moreover, it was just as important to ensure that beer was drunk on premises whose standards were high.

The temperance movement's threat to the industry posed a very real problem in the years before the first world war. In fact on the outbreak of war, beer production was severely curtailed and by 1917 was limited to 10m barrels a year—it was 37m before the outbreak of war. However, the serious shortages this produced—and its effects on the morale of the armed forces—eventually led to the Government relenting its position.

The structure of the society comprises at its bead a council of some 140 members. The council consists of a cbairman, vice-chairman, nine vice-presidents who bave all served previously as chairman, and one or more members from brewery companies according to their size.

The members of the society's executive committee and chairmen of all other committees also attend council meetings.

Nominees

The principal committee of the society is the executive committee whicb, apart from the cbairman, vice-cbairman, and vice-presidents, consists of nominees from the large brewery groups as well as representatives of small brewers. The executive not only considers reports of the several other committees of the society, but also concerns itself with all matters of policy affecting the industry, especially relationships with Government.

The other major committees of the society also include employment, estates, law, technical, retail, and public relations. In all there are 14 standing committees of the society.

There is also a separate administrative organisation for the society, beaded by a director-general and general secretary.

Although much of the history of the society in the 1970s has been closely linked with its relationship with Government —since the industry bas been several times subjected to Whitehall scrutiny — the society's role in the 1980s will probably revert to the main themes of its 76-year history: improving the efficiency of the industry and the quality of tbe beer, and ensuring that tbe beer drinker can enjoy his pint in convivial surroundings.

David Churchill

Controversy behind investment levels

DURING THE three years to December 1982, the UK brewing industry is expected to invest almost £1.5bn at November 1979 prices, of which about £200m a year will be spent on production, packaging and distribution.

Brewers' Society figures published in January suggest that the industry's investment in retailing will increase from £237m in 1979, about 50 per cent of total investment, to £280m in the current year and £295m in 1981, or between 56 per cent and 60 per cent of total investment.

Behind these figures exists a continuing controversy about the level of investment, particularly by the big six brewers, and the degree to which, if at all, over-capacity exists in the industry.

The key elements in the debate about investment, begun by a Price Commission report on beer prices and profit margins published in July 1977, concern the expected growth in demand for beer in the UK, particularly the growing share of the market taken by lagers, and the degree of capacity utilisation.

The challenge was subsequently taken up by the National Economic Development Office's (NEDO) brewing sector working party which published its report—a rejection of the Price Commission's arguments—in March 1979.

The working party argued that there were specific reasons for the lower margins of large brewers by comparison with others and that "it is impossible to isolate the differences in performance that are attributable to size" and that "comparisons of performance based simply on size are likely to be misleading."

The report went on to examine the scale of planned investment in the industry in conjunction with the Brewers' Society, which undertook a survey of investment plans up to 1981.

This survey confirmed that substantial gross investment was still planned although there would be some decline from a peak in 1979 of just over £400m at 1978 prices with about half the gross investment between 1978 and 1981 spent on production and distribution of beer and the remainder spent on the retail estate and additional trade loans.

Investment in production and distribution was largely intended to meet the expected rise in demand, currently forecast by the brewers to increase by just under 2 per cent a year, and the continued change in the pattern of consumer tastes, particularly the growing demand for lager which has increased its share of the market from 9.9 per cent in 1971 to about 30 per cent currently.

Almost all major new plant currently planned or coming into production is designed to produce lager. The Brewers' Society survey suggested that over the four years 1978/81 nominal capacity would increase by about 8.5m barrels, related entirely to plants capable of producing lager only, or both lager and ale.

The working party concluded that "the scale of present investment plans looks about right if the brewing industry is to continue to supply the vast bulk of the domestic market and possibly displace some imports or provide additional exports." In addition it warned that in view of predictions that demand will rise by a further 6m barrels between 1981 and 1988 "the main problem for brewers is thus likely to be the investment needed to meet the continued growth of demand for lager."

Such calculations are only marginally affected by the slightly lower demand forecasts published by the Brewers' Society in January. These suggested that demand will reach 44.4m barrels next year and 51.5m barrels in 1990.

Disagreement

The society has consistently rejected suggestions of overcapacity. However, disagreement continues among the industry's observers, particularly the brokers.

Mr. Colin Mitchell of stockbrokers Buckmaster and Moore said in a report published last November that while NEDO's "authoritative" conclusions could not be ignored, in the short term excess capacity does exist and, although this need not be a problem, it will at some stage necessitate the closure of a few breweries.

Mr. Philip Shaw, writing in Rowe and Pitman's September quarterly review took a different view, arguing that 1979 was a peak year for new capacity coming on stream and that with assured lager sales growth of 10 per cent a year any temporary excess capacity would quickly vanish. Mr. Shaw warned that if 1981 has a hot summer it is possible that the industry, with an excess capacity for lager production of only 0.4m barrels, will be unable to meet demand.

The important factor in the capacity argument could well turn out to be the degree to which new brewery methods such as high gravity brewing are introduced, leading to greater capacity utilisation.

A £230m three-year investment programme unveiled by Whitbread last May which showed that the company planned to spend £140m to 1981-82 on new equipment for production, storage and distribution while £90m was to be spent on improving the company's tied houses and free trade outlets including clubs and hotels.

The Price Commission's report on the company published in June showed that in the five years to 1978-79 the company had net capital expenditure of £170m, of which 45 per cent was spent meeting changed market requirements and a further 30 per cent on maintaining the company's brewing and wholesaling assets.

In common with Bass, Whitbread was criticised by the Commission for its method of internally financing loans to the free trade—loans which have become an increasingly common feature of the industry's investment pattern.

Bass itself plans to spend one-sixth of its new investment in the four years to 1982 on loans to the free trade. Over the five years to September, 1978, the company's net capital expenditure totalled £161m and current investment plans include completion of the expansion of malting capacity, and the acquisition of the Alton brewers from the Harp consortium which was reorganised last year.

Paul Taylor

BREWERS' INVESTMENT PLANS
(£m at 1979 prices)

Type of capital expenditure	1979 (actual)	1980	1981	1982
Production, packaging and distribution	229	220	196	186
Retailing: mainly pub development	237	280	295	300
Total	466	500	491	486

Source: Brewers' Society Survey Winter 1979.

Watchful eye on pay rates

LABOUR relations in the production and distribution side of the brewing industry is a complex pattern of local plant agreements, company deals and, in one case, a regional agreement. There is no national agreement or settlement date for the pay round and no industry-wide negotiating machinery. The setup reflects the historical development of local brewing.

The rise of the national market for beer and the development of the Big Six brewers has made no significant alteration to this pattern. Joint shop stewards' committees in the giants keep a watchful eye on pay and conditions agreements in other divisions and conditions do not seem to vary much.

The main difference, according to the Brewing Sector Working Party report from NEDO in 1977, was that the regional and smaller brewers paid lower wages than the larger companies. In 1977 the industry employed 69,000 in brewing and malting jobs and there were a further 239,000 jobs in public houses.

The two sectors have quite distinct characteristics. The workers covered by the public houses receive relatively low rates of pay and are covered by a national wages council order.

This was set this year at a minimum of £50 per 40-hour week for public houses outside London and £53 for clubs. This figure operative from January 15 was an increase of 21.4 per cent for pub staff and 23 per cent for club staff. The Brewers' Society says that these minimum figures in most cases are topped up. Union membership among staff tends to be low.

The position is quite different in the production and distribution side which has one of the highest rates of union membership. The Transport and General Workers' Union is thought to have about 45 per cent of the workforce, the General and Municipal Workers' Union 30 per cent, the Association of Scientific, Technical and Managerial Staffs 15 per cent and the Union of Shop, Distributive and Allied Trades most of the rest.

The Department of Employment estimates that earnings in the industry last year averaged £108.2 per week. There was an average of 7.9 hours' overtime and 10 per cent of the workforce earned more than £152.5 per week.

Figures on the level of settlements are difficult to obtain because of the fragmented wage bargaining structure but Mr. Bobby Smith, GMWU national officer for the drink industry, says all the settlements he has seen so far are running above the inflation figure. Other unions suggest that settlement figures are above 20 per cent.

Mr. Smith says both sides in the brewing industry have a professional approach to wage bargaining despite the absence of national machinery. He cites the three-month strike at Allied's Warrington brewary as an example of the way in which the industry contained a damaging dispute.

Less sanguine

A less sanguine view of the industry's industrial relations was put forward by Allied Breweries Beer Division which is chaired by Sir Derrick Holden-Brown, chairman of the Brewers' Society. Allied, which lost £5m because of the Warrington strike, was "convinced that the heavy cost will prove to have been justified, as it has now been demonstrated beyond doubt that management is determined to be resolute in dealing with excessive wage claims and with the proliferation of restrictive practices."

In its annual report, Allied said it would set out to practise a more open style of management to "achieve a sharing of objectives with a well-informed workforce." Allied's management, like the other brewers, is worried at the considerable industrial muscle their workers have over disrupting the supply of what is essentially a perishable commodity.

Mr. Charles Cook, TGWU regional officer for London and one of the leading trade union experts in the drink industry, argues that while formal productivity arrangements have not been signed, there has been a great deal of "informal productivity." Workers have co-operated in rationalisation and natural-wastage programmes.

Gareth Griffiths

Cans rival bottles for beer packaging

JUST OVER two out of every 10 pints of beer sold are not served on draught from pubs but are "packaged," either in bottles or cans. But although the percentages of beer sold in packages has declined throughout the 1970s, the importance of packaging beer has achieved a new significance.

This paradox is explained by the fact that beer sold in returnable bottles has fallen sharply from favour over the past decade, giving way to beer sold in either disposable bottles or cans. Thus in 1971, returnable bottles accounted for about 85 per cent of packaged beer sales, and non-returnables only 15 per cent.

Yet by 1978, the returnable bottles' share of the market had fallen to 55 per cent, while non-returnable packages had jumped to just over 45 per cent. But out of this 45 per cent, canned beers account for almost 43 per cent—a staggering increase in popularity over the latter half of the decade.

Thus over the past 10 years, the brewers who have supplied the fast-growing take home market have had to switch their production emphasis totally from from bottles to cans.

The can, therefore, has risen in importance from about 3.5 per cent of all beer sales in 1971 to about 9.3 per cent of all sales at present—accounting for expenditure estimated at over £100m.

The reason for this rapid change was closely linked to the entry into the drinks market of the large supermarket chains. Supermarkets were extremely reluctant to stock bottles of beer which included a deposit on them, since it was hardly feasible to expect a busy check-out operator to deal with returnable bottles.

Another factor in the growth of non-returnables has been the increase in the affluent society where the incentive for returning a bottle for the nominal deposit has lost ground. But there has been some consumer resistance to throw-away bottles, because of the in-built tradition of returnable bottles. Cans, however, are clearly thought of by consumers as throw-away.

But apart from these reasons, the can has proved popular with brewers because it could generally be filled at a faster rate than bottles, although there are some bottling equipment manufacturers who would now dispute this.

In any case, the big brewers have now invested substantially in new canning equipment over the past few years which suggests that they have firmly hedged their bets in favour of the can in the foreseeable future.

The glass manufacturers themselves have reacted to the challenge posed by the can with the introduction of the wide-mouth bottle. These bottles have wide openings with a foil seal which make them easier to open, drink, and pour from. Some big producers have switched to them, such as Ruddles, which supplies Sainsbury's, but the major brewers still appear wedded to the can.

A new bottling machine, especially suited to wide-mouth bottles, has been launched on the UK market by Rockware Kingspeed. The new machine is said to be able to reach bottling speeds of 2,000 a minute.

The bottle lobby has been encouraged by the Guinness example which has traditionally been sold in bottles for the take-home trade. The company experimented with canned Guinness but has found an adverse consumer reaction with claims that the taste is not the same.

The introduction of the wide-mouth prompted Courage and Ruddle to bottle Guinness in the new shape in this country. Although their efforts met with some success, Guinness is still predominantly bottled in traditional shapes and sizes.

However, the rapid growth of lager sales — especially in the take-home market — gave a sizeable boost to canned beer sales. Some 70 per cent of packaged lager is sold in non-returnables, and just over 65 per cent is accounted for by cans.

The issue of filling speeds and the most cost-effective packaging methods are likely to form much of the trade discussions at Brewex 80 — the international brewing, bottling, and allied trades exhibition at the National Exhibition Centre later this month.

The battle of the can versus the bottle could take another twist in the 1980s if the ecological movement decides to attack the throw-away can. Already the glass industry is anticipating such pressure with its "bottle-bank" schemes for unwanted bottles. In the U.S. the anti-can movement has already gained some ground and the returnable bottle has made a re-appearance.

David Churchill

Take-home market is growing fast

THE GROWTH in popularity of buying beer to drink at home has been one of the most significant structural changes in the distribution of beer in the 1970s, and promises to be equally important over the next decade.

The take-home market is made up of sales through specialist off-licences and supermarkets, and sales of "packaged" beers for consumption at home through on-licences.

Take-home beer sales are estimated to have risen from about 8 per cent of total beer sales three years ago to some 13 per cent at present—and some market estimates suggest that this trend will accelerate even further in the early 1980s to give take-home sales a fifth of the market by the middle of the decade.

The rapid growth of consumer preference for drinks in the home—although it must be acknowledged that the traditional public house still remains the most popular place for a drink—has arisen for a number of reasons. Undoubtedly, the two most important are the increased willingness of supermarkets to stock beer, and the rapid growth in demand for lager throughout the 1970s.

As most consumers shop at least once a week in a supermarket, it has become relatively easy to add a few cans of beer to a loaded trolley. Market research has shown that in the rapidly growing wine trade, off-licences account for only 40 per cent of sales, while the multiple and independent grocers, co-operative stores, and other High Street stores account for the rest.


Freddie Mansfield

Supermarket sales of beer have expanded so fast that they may now match those from off-licences

Frequent choice

However, the take-home market is growing so fast that some estimates suggest that the supermarkets may now be more equally split with specialist off-licences and share the take-home market.

A recent survey found that 57 per cent of consumers said they went most often to a supermarket to buy take-home drinks, with 33 per cent going to an off-licence. Tesco was the most frequently cited choice for buying drinks—mentioned by one in every four in the survey—followed by the co-ops (22 per cent) and J. Sainsbury (18 per cent) and then by a specialist off-licence chain, Victoria Wine.

Tesco acknowledges that its take-home business "is one of *the most dynamic* and rapidly growing sectors on the company's books." Its beers sales easily top £30m a year.

Another factor in the growth of take-home sales is the more widespread acceptance of canned beers. Beer is consumed at home mainly from cans, with a small proportion drunk from non-returnable bottles. But while there are still substantial sales of beers in returnable bottles sold over the counter from pubs, their popularity has been on the wane for several years.

However, the recent introduction of the so-called widemouth bottles (bottles which have a wide neck to pour or drink from) is proving popular with supermarket shoppers.

This preference for take-home drinks is also influenced by economic considerations. People may prefer to drink at home because they can buy their drink cheaper in a supermarket than in a pub.

But the major factor for the growth in take-home sales, apart from the ease of purchase, has been the surge in lager sales.

Of the 13 per cent of total beer sales sold for the home, lager now accounts for some 32 per cent, an increase from 28 per cent in 1978 and 25 per cent in 1977. Over the same period the light/pale and export ale sector slid from 46 per cent to 41 per cent.

The increase in lager sales for the home has been helped by the popularity of the stronger premium lagers, which in 1979 accounted for a quarter of all take-home lager sales, compared with a fifth three years ago.

Although under pressure, the light/pale and export ale sector of the take-home beer market is still the largest. Of the two types of beer, it is export ales which have best withstood the challenge from lager. Export beers are defined as those with an original gravity above 1,040 degrees (the same as for premium lagers). While the export ales share of the take-home trade is holding firm, that for pale ales is declining.

Export sector

The two major brands in the export sector are Long Life, from Allied Breweries, and Newcastle Brown, from Scottish and Newcastle. Both beers have about 20 per cent of the take-home export market. They are followed by McEwans Export (again from Scottish and Newcastle) with about 15 per cent of the market. Among pale ales of less than 1,040 degrees gravity, Whitbread Pale is probably the most important brand with Watney's Pale in its wake.

The other major sector of the take home beer market is stout which has seen its share consistently eroded throughout the 1970s in both the on and off licence trade. Stouts are either bitter or sweet—the only bitter brand of any significance is Guinness, which has about 80 per cent of the take home stout market. The sweet brands are led by Mackeson Cream, from Whitbread.

On sales of canned ales alone, the Economist Intelligence Unit recently estimated that Scottish and Newcastle had a 27 per cent share with its three major brands of Newcastle Brown, McEwan's Export, and Younger's Tartan. Scottish and Newcastle has been forced to put more effort into outlets such as supermarkets since, until recently, it did not own a significant chain of off-licence shops. Allied, Watney, Whitbread and Bass have all had large chains associated with their brewing divisions which tend to give preference to their own company's products.

However, the take-home sales boom has not been without its problems for both the drink producers and consumers.

Brewers and other drink producers are finding that the fierce competition between supermarkets means that their profit margins have been cut right back. Profitability of beer sales through supermarkets is far lower for the brewer than sales through a public house.

Stockbrokers Buckmaster and Moore have estimated that, assuming that current margins in take-home and pub sales are unchanged, the changing pattern of sales by type of outlet could lead to an 8 per cent drop in margins and the forecast 22 per cent increase in sales might translate into only a 12 per cent rise in profits in real terms.

The other main problem concerns the accessibility of drink in supermarkets, which is suggested by some to be one of the main reasons for the sharp rise in alcoholism, especially among housewives, in recent years.

Increased social concern over the spread of alcoholism—and the need for drink producers to secure higher margins — may eventually take some of the shine off the take-home boom.

David Churchill

Energy-saving plan ahead of target

SPURRED ON by the pressure of competition on profit margins, the brewing industry —one of the largest energy consumers in the food sector—has proved to be among the most successful in cutting its energy bill.

The industry, having set the target of reducing energy consumption by 10 per cent over the four years to 1982, achieved the target in half the time, saving an estimated 2m gigajoules of energy—equivalent to about 20m therms of gas or 100,000 tonnes of coal equivalent.

A recent energy audit, prepared for the Department of Energy, has suggested that energy savings of 33 per cent are considered technically feasible in the longer term over the specific energy consumption of the industry in 1976.

The importance attached by the industry to energy savings was reflected in a brewing energy conference held in Burton-on-Trent in October and attended by 600 delegates.

Dr. Tom Carroll, technical director of Guinness, told the conference that the industry's 80 brewing companies operating 143 breweries producing and packaging over 40m barrels of beer a year, consume 26.5 gigajoules of energy—equivalent to 1m tonnes of coal—about 0.3 per cent of the UK's total primary energy consumption.

The total energy requirements of the industry, including distribution, energy to grow and prepare the raw materials and energy used to heat pubs and clubs where 90 per cent of beer is consumed, add a further 63.5m gigajoules to the energy bill.

Of the primary energy used by the industry, 43 per cent is provided by oil, 30 per cent by gas, 14 per cent by coal and 13 per cent by electricity.

Potential

The brewing industry was one of the first to wake up to the potential, and need, for saving energy. A fuel use survey in 1977 revealed that some breweries were using three times as much energy as others to produce the same quantity of beer. Major factors in these differences in energy use efficiency included the age, design and capacity of plant. The 1977 survey also showed that the large breweries, those 22 producing over 1m hectolitres a year, tended to be more energy efficient.

Research has also shown that packaging consumes almost as much energy as brewing. This fact has led to calls from energy specialists for a change back towards the returnable bottle system which, providing the number of trips per bottle is high, has proved more energy efficient than alternative packaging systems.

The energy audit, unveiled at the conference, aside from analysing specific energy usage, went on to examine the potential for further energy savings. Among the potential savings identified were:

- Heat recovery from the keg cleaning and racking lines—saving 86,000 tonnes of coal equivalent a year (tce).
- Recovery of the boil off from the brew or the introduction of alternative boiling techniques —saving 73,000 tce.
- Improved housekeeping—saving perhaps 69,000 tce.
- Improved management of the brewery heat load—saving 53,000 tce.
- Improvements in the refrigeration systems — saving 6,600 tce.
- The use of heat pumps, the subject of a special study by the Department of Energy due for completion this year.
- Improved cleaning techniques for casks and kegs.

At all stages in the brewing process brewers are now examining ways to cut energy costs.

The brewing process begins with malting, converting barley to malt. The whole process accounts for about 18 per cent of the total energy requirements of the brewing chain and kilning is the part of the malting process which accounts for most of the energy usage. The latest kilns therefore make use of heat recovery systems to minimise energy wastage.

In the brewhouse itself the major problem remains the batch operation nature of brewing. The process involves a series of heating and cooling cycles, and, with packaging, accounts for 31 per cent of the brewing chain energy requirements. Coppers that were direct fired using oil and coal have largely been replaced by steam systems and external systems of indirect heating have also been introduced.

Attempts to smooth out the inefficiencies of a batch process by continuous production have proved less successful in part because of the effect on quality. Attention is now concentrated on high gravity brewing which apart from using less water to heat, cool and pump throughout the process, also improves plant usage efficiency.

The refrigeration process involved in maturation is also a large user of energy and the emphasis now is on fine temperature control through the use of more sophisticated instrumentation.

In packaging, the scope for heat recovery from keg cleaning and racking operations is under investigation while significant energy savings have been achieved simply by switching from tungsten to sodium lighting.

The next 5 to 10 per cent reduction in energy consumption should come relatively easily through good housekeeping and better energy management to an industry which achieved a 10 per cent reduction in just two years. The longer term target savings of 33 per cent will be more difficult, but rising energy costs provide the incentive.

The combined heat and power plant operated by Guinness at Park Royal, where a substantial proportion of electricity is generated and fed into the national grid, could prove to be a model for the future and perhaps waste heat from the two power stations close to Burton could eventually be used in Burton's breweries themselves.

Paul Taylor

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the journals of abstracts published by Anbar Management Publications. Readers wishing to consult original texts should write to: PO Box 23, Wembley, HA9 8DJ.

Joint Ventures in Japan: R. W. Wright in Columbia Journal of World Business (U.S.), Spring, 1979: p.25 (6½ pages, table)

Shows that after the wave of interest in joint ventures with Japanese partners in the late 1960s, this trend seems to have dwindled away; explores reasons for the disillusionment—ranging from language barriers to conflict over short-term profit v. long-term growth objectives; lists lessons, ending with the abrupt advice to "let the Japanese run the show."

Foreign Acquisition Analysis: A. R. Malkoff in Management Accounting (U.S.), June, 1979; p.32 (5½ pages, charts, tables)

Offers a step-by-step approach to the financial evaluation of a potential acquisition abroad, in a way which first tests the candidate against the investment criteria, using explicit assumptions on local inflation and exchange rates, and then tests the financing implications and the effects under accounting rules for foreign exchange translation.

Regaining Control of a Large Company: L. Donaldson in Journal of General Management (UK), Summer, 1979; p.14 (16½ pages, charts, tables).

Presents a case history of organisational change, involving the reversion from a multi-divisional to a functional management structure, in a major Japanese company (reported under a fictitious name); describes company background, the previous structural change from functional to product-divisional form, and reasons behind the present reorganisation—particularly the need for concentrating power at the centre in the face of economic conditions. Analyses the change in terms of current organisational theories.

Fundamentals for Success in the Japanese Marketplace: Y. Kobayashi in Journal of Contemporary Business (U.S.), Vol. 8 No. 2; p.81 (6 pages)

Describes two fundamental concepts that are crucial to success in the Japanese marketplace—trust and confidence in partnership, and respect for cultural differences—illustrated by the establishment and operation of a joint venture between Fuji Film and the Xerox group, with particular attention to local authority and autonomy, and to joint decision-making.

Beyond Zero-Base Budgeting: G. R. Phare in Managerial Planning (U.S., July-August, 1979; p. 18 (6 pages, illus., chart)

Identifies the role of zero-base budgeting as an integral part of long-term planning, budgeting and performance feedback, describes how it works through identification of decision units and the preparation and ranking of decision packages, and outlines how feedback and follow-through can be implemented.

Mobility and the Dual-Career Couple: C. E. Maynard + R. A. Zawacki in Personnel Journal (U.S.), July, 1979; p.468 (5½ pages, bibliog.)

Discusses rising trends in refusals by managers to accept transfers that involve relocation, and examines the particular difficulties dual-career couples experience. Puts forward a surprising number of alternatives and solutions, and offers advice to organisations on dealing with a phenomenon that will not disappear.

Shell strikes a refined way of exploring the future

By Christopher Lorenz

FOR THE past four months, senior managers throughout Shell's international energy and chemicals empire have been absorbing one of the most gloomy pictures of future world developments that can ever have been painted within a multinational.

The menacing landscape depicted by the group's central planners is not yet another dubious example of futurology, that activity in which it used to be so fashionable to indulge. It is not a plan, and it is certainly not a forecast; indeed, it is explicitly based on the argument—the fact—that "it is impossible to forecast the future, and dangerous to try and do so," to quote a favourite maxim of Shell planners.

Instead, the picture is based on two very different "scenarios" of world developments over the next 15 years in the fields of society, politics, economics and technology. The twin scenarios embrace a wide spectrum of possible developments, and combinations of them. They suggest not what *will* happen, but a wide range of things which *could*. Managerial plans and decisions—whether on finance, marketing or whatever—are theoretically supposed to be made "resilient" to all possible combinations, or at least capable of rapid modification in response to shifting circumstances within the spectrum.

So commonly used is the word "scenario" nowadays in U.S. and European business that it has become not only a piece of jargon, but a cliche. But Shell's scenarios are something special: not only are they short on figures and strong on qualitative arguments, but they are almost invariably presented in starkly contrasting pairs, in order to force executives continually to question their assumptions—this is known in the trade as "multiple scenario planning."

Shell's scenarios are also particularly carefully designed to be relevant to the decisions that managers have to make, rather than full of irrelevant computer print-outs.

The most obvious illustration of the approach is that, a year ago, several major oil companies were reputedly still planning for the mid-1980s on the basis of a specific forecast for oil prices, in spite of all the obvious unpredictabilities. By contrast, Shell was talking in terms of "between $15 and $50 a barrel" (not necessarily these particular figures, but an equally wide range).

Such is the planners' new view of the future that the scenario which from 1975 to last autumn defined their "low view" of potential economic growth has now been transformed into their *upper* limit. It bears the graphic title of "World of Internal Contradictions."

The new lower limit is now defined by a scenario with the apparently optimistic title of "restructured growth." But for much of the 1980s it actually envisages a set of harsher economic, social and political shocks that many outsiders would not consider credible; only after the world manages to adjust to the new situation, with alternative energies and the like, does the scenario see the re-emergence of rapid growth.

In theory, top managers all over the far-flung Shell empire have since before Christmas been taking decisions on the basis of these new scenarios. So, in theory, have their subordinates. Not because anyone has ordered them to—"Shell is unusually decentralised, and renowned for its catholicism of thought," says one senior executive—but because they have nominally accepted the undeniable logic of the scenario approach as a more realistic and helpful alternative to forecasting.

But, as every practitioner knows in his heart of hearts, theory and practice are usually very far apart in management. Even in Shell, which has an almost unparalleled international reputation for sophisticated yet realistic and useful planning, it has taken nearly eight years to convince all the main business sectors that, in today's uncertain and dangerous world, the scenario approach provides an invaluable basis for both "making" (preparing) and actually taking decisions.

This is in spite of the success record of the approach in helping a wide variety of Shell's 270 companies cater for a wide range of possible developments, so that plans can be prepared and decisions taken that will not be totally invalidated by subsequent events.

The realism of the scenario approach is obviously its strength. But it is also a weakness: virtually every manager in any sort of company craves for certainty and hates having to question his assumptions, however thorough and practical his training and experience may have been. He finds it extraordinarily difficult to accept the advice that "the world may be like this 10 or 15 years from now, or again it may be like that, entirely different. You must make your decisions as resilient as possible to either type of future."

On one level, he may accept this as thoroughly good if uncomfortable sense, but it is often so emotionally unpalatable that he may then go away and disregard it when he actually comes to make a decision, even if it involves millions of pounds.

This sort of problem has recurred with obstinate frequency in Shell over the last eight years, even among senior managers who—especially after the salutary shocks of the 1973 oil crisis—had seemed convinced of the need for a new way of preparing for the uncertainties of the future. Hence the importance of what Shell's planners call influencing the manager's "microcosm," or "mental map."

Since the oil crisis, and with the added impetus of extremely strong advocacy from many of the members of Shell's top executive body, the Committee of Managing Directors (CMD), scenario planning has taken increasingly deep root in the group's complex worldwide organisation (see diagram).

Having initially penetrated most of the "service companies" and business sectors, it has more recently begun percolating down into some of the local operating companies; for example, it has already been widely practised for four years in Shell UK, and for longer in others.

But there is still an inevitable tendency for certainty-craving managers to try and produce a single-line forecast from two or more very different scenarios, by drawing a line up the middle of the wide spectrum which they encompass. With the help of top management, the planners are naturally trying to counteract this tendency.

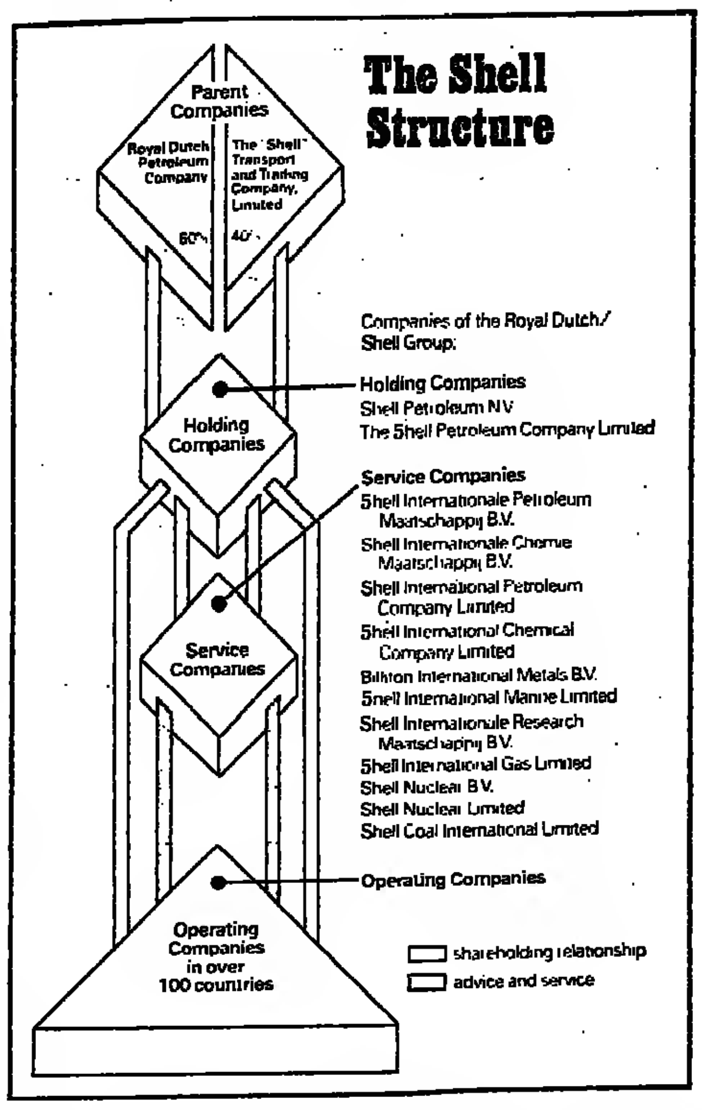
Their fight against traditional planning attitudes has been helped by a series of expensive investment failures, notably Shell's joint venture with Gulf Oil into high temperature reactor which has cost an estimated £300m in losses, and on a smaller scale with doubtful investments such as a £25m polyethylene plant at Carrington, near Manchester (see Management Page, April 25, 1978 and June 29, 1979).

In the past two years their cause has also been given a more positive sort of internal boost by the increasing conversion to the scenario camp of executives within Chemicals. This is one of the business sectors of the group with a traditionally high reputation for planning, but which—for several reasons—has been relatively slow totally to embrace the scenario approach.

The reputation within Shell of scenario planning has been further enhanced by various external events, most notably the fact that the upheavals in Iran which eventually toppled the Shah had been part of a group-wide "accident" scenario for 18 months before they occurred; the uncertain element (and the reason for the "accident" label) applied not to whether the troubles would occur, but when.

From the managing directors' point of view, the late C. C. Pocock—Shell's former chairman—summarised the scenario philosophy in these terms: "we believe in planning, not in numerical forecasts but in hard thought which aims to identify a consistent pattern of economic and social development."

The development and practical use of Shell's scenarios, together with key changes in their content will be examined tomorrow.



Fleet operators make tracks for a new maintenance policy

BY JOHN GRIFFITHS

WHEN your car begins belching smoke and its transmission simultaneously starts to rumble, it's like a bad dream. If the same thing happens to the owner of a truck or a construction vehicle, it can be a full-blooded nightmare.

Take, for example, the owner of a small to medium-sized fleet of Caterpillar diggers. Traditionally, he would have had several options: to take the offending vehicle out of service for repairs using his own facilities, which would involve unknown expense and possibly prolonged downtime; to run it into the ground, risking complete failure at an inconvenient time; or to get the parts replaced immediately.

In either of the last two cases, his bill for exchange parts could have been about £4,000 for the engine and £3,000 for a transmission: this is what the largest of Caterpillar's four UK dealers, H. Leverton and Co., would have charged on a D6 model.

For the past nine months, however, he has had another option: to replace the parts immediately—but at a cost from Leverton of £1,850 for the transmission, an average saving of about 50 per cent.

Since starting its "exchange before failure" (EBF) scheme last year, Leverton says its sales of rebuilt units have gone up by more than 40 per cent in terms of both numbers and value—"and this at a time when, without the scheme, we would have predicted an overall drop in the volume of exchange units," says Peter Field, Leverton's parts and service sales manager. (The scheme is not confined to rebuilt units, however.)

The scheme has attracted the attention of Caterpillar's own management at its headquarters in the U.S. and there has been a meeting of European outlets to consider implementing it elsewhere.

Field suggests Leverton has no particular cause to be worried if rivals set up similar schemes. "All they can do is pirate the idea" he declares. Leverton feels it has more than a head start in the most crucial area: the information locked in its databank.

Exchanging components before they wear out is not new—planned preventive maintenance is well established as one cost-effective way of managing plant (the other main one is to renew the plant frequently long before failures can be expected).

And PPM has long been advocated by Leverton. The trouble was, says Peter Field, while most owners agreed with it in principle, inevitably they had a certain reluctance to withdraw equipment from a project if they did not actually have to. "So we went looking for a financial incentive for them to use it."

The resulting "EBF" scheme covers more than 5,500 different rebuilt units for Caterpillar equipment, from complete engines to pumps.

Although the scheme can be used on a "one-off" basis by plant owners, Leverton, like Caterpillar's other three UK dealers, is bent on maintaining the industry's equipment in good shape.

To achieve this it has, in common with other dealers such as Bowmaker (which covers western England) several preventative maintenance schemes covering most items from engines to tracks and running gear.

They include selective oil sampling: under this scheme plant owners send regular oil samples to dealer laboratories so that the degree of component wear can be identified, and the operator can plan ahead for replacement.

Carrot

While other dealers offer a fixed price exchange service, so far only Leverton has produced the high-low pricing system. Bowmaker has concentrated on a single price, pitched roughly mid-way between Leverton's high and low prices.

It might appear that Leverton is unnecessarily foregoing profits on parts that plant owners would have to buy anyway. On the surface, it also looks risky to offer a substantially lower exchange price on a unit when the precise extent of wear on the unit being exchanged is not known.

But Leverton feels its higher turnover more than counters the first argument. Given the new financial carrot, it suggests, operators are increasingly winding down their own repair operations and relying on Leverton to carry the spare parts.

The lower prices do not simply represent shaved margins in the pursuit of higher turnover, however. The scheme would not have been possible but for the keeping of detailed record of the frequency and nature of failures over the years. Since 1975 they have been going into databank at Leverton's HQ on the banks of the Thames at Windsor.

By using these figures Leverton has been able to fix an average parts and labour cost for rebuilding units, both before and after failure, and to devise the set of simple criteria under which the lower price is offered.

"There was an element of risk in setting up the scheme," concedes Peter Field, who conceived it several years ago. "And there is an element of swings and roundabouts in which we will gain in some areas and lose in others."

Last autumn, Leverton opened a £1m extension to its Leeds depot specifically to handle the rebuilding work arising from the EBF scheme.

The rebuilt parts carry the same six months warranty as new ones.

The scheme seems to have met with widespread approval among small to medium users. Tony Brook, group buyer for the Marshall group in Halifax, with operations ranging from quarrying to concrete production, says it has given the group the chance to plan downtime "a lot more efficiently and economically." The company has long taken advantage of preventive maintenance such as oil sampling. But whereas, for example, an engine using excessive oil but not in immediate danger of failing would have been eventually taken out, stripped and its liners and pistons replaced, "now there is no question; we simply replace it."

Heavier equipment such as earthmovers can cost operators upwards of £20 for every hour they stand idle, so it is the saving on down-time as much as the direct replacement saving which interests Brook. The company keeps its own detailed records, aided by oil sampling; it can therefore pre-plan its downtime, and has a precise costing to work to on replacement units.

For the industry giants however, such as Wimpey, the scheme's introduction has only small significance. Wimpey, which runs three large maintenance depots to service one of the biggest mechanical handling fleets in the country, is largely self-sufficient in terms of maintenance.

At the moment the EBF scheme applies to tractors, loaders, excavators and similar equipment, but is being expanded to cover other Caterpillar equipment, such as lift trucks.

Looking for an EEC trade-off

BY JOHN WYLES IN BRUSSELS

BRITISH and French public opinion could be forgiven for thinking that the European Economic Community resembles nothing more than a prize-fighter's training-room above an East End pub. The air is heavy with grunts and groans of preliminary sparring and excitement rises as the Main Event approaches. Topping the bill at this month's Brussels summit will be Battling Maggie from Downing Street against Valiant Valery of the Elysee.

But this is very much a media characterisation of the Anglo-French conflict which seems to dominate Community affairs in the run-up to the summit. France is depicted in Britain as the principal obstacle to a satisfactory settlement of Britain's EEC budget problem, while illegally banning imports of British lamb and supporting profligate spending on EEC agriculture. For its part, the UK is paraded before the French public as the one eternally dissatisfied member of the Community, always wanting to change the rules in its favour, and in the process quite careless of wrecking achievements often painfully built up over the last 20 years.

Compromise

However, this presentation of the issues, which politicians in both countries have done little to restrain and much to encourage, could carry the Community into very dangerous waters. It is helping to cement public opinion, and through public opinion Mrs. Thatcher and President Giscard d'Estaing, into positions which may put a compromise out of reach.

For this and other reasons senior French officials in Paris can be heard urging correspondents to avoid fanning flames which are already uncomfortably fierce. In doing so, they are not implying any weakening in France's public negotiating position that the British budget problem must be settled in the context of parallel agreements on sheep, meat, common farm prices, and fisheries policy. Rather, both the Elysee and the Quai d'Orsay seem anxious to stress that the French approach is a negotiating one and not designed to erect impossible obstacles to agreement here at the end of the month.

In other words, there may be more political will in Paris to heal the rift than is immediately apparent. Partly this is because France can see some national advantage to be gained from a package deal and partly because Community disarray at a time of international crisis is downright embarrassing.

Now the British may resent the French desire to link a possible budget settlement to the resolution of other questions, but they should not be surprised, since such trade-offs are the basic lubricant of the Community machine. But Mrs. Thatcher risks gumming up the entire works by raising, as she did in her recent Panorama interview, the possibility of Britain taking punitive action, such as withholding its EEC budget payments, if there is no agreement at the end of this month. Neither France nor the other EEC seven will happily negotiate under such duress.

Foreign Office doves have been arguing that, "if there is insufficient agreement in Brussels," then we should take what is on offer and ask for more" rather than walk away and start brandishing a big stick. "If we cut up rough, the French will cut up rougher," is the warning from this side of the house. But a hostile reaction would not just be confined to Paris, if Mrs. Thatcher dons her "bovver boots." There is much sympathy for her case in all EEC capitals, but this could quickly evaporate, if the UK attempted to kick the Community into line.

Reasonable

Ultimately, however, the possibility of a settlement at this summit hinges not only on modest British moves to placate the French but also on the net budget contribution acceptable to Mrs. Thatcher. Despite the apparent hard line which Paris is taking at the moment, skilful British diplomacy could yet reduce this year's anticipated £1.2bn net payment to Brussels by at least 50 per cent and perhaps a little more.

Would Mrs. Thatcher accept half a loaf and undertake the undeniably difficult task of selling it to British public opinion as a reasonable solution? Or would she prefer to ride the tiger of rejection and reprisals? No one knows, and, as Foreign Office officials observe dryly: "At this stage we don't think she does."

New television crazes in perspective

THE MEDIA love to have their fashions and fads over new technology—good for headlines, unusual stories and investigative pieces about the way our lives are going to be changed. Computers were one of the earlier crazes, video has never been out of sight or mind, and if another headline mentions chips or microprocessors there could be a revolt by the newspaper-buying intelligentsia.

Never mind, there is always something new in technology to write about, and the latest crazes appear to be satellite TV, cable TV and Pay TV. To judge by the abundance of stories, it would seem that a massive television assault from Tele Luxembourg is imminent, cable television is promising a treasure-trove of channels and consumer information services, and Pay TV will empty the commercial cinemas.

U.S. success

In Europe, and in the UK especially, nothing is farther from the truth—even though North America is certainly experiencing an economic boom in these three technologies.

Cable television in the U.S. is received by nearly 12m subscribers: It is merely another way of distributing television signals, but in the U.S.—where the terrain can cause great variations in local broadcast TV reception—cable TV has become essential for some communities. The various broadcast stations in the U.S. do not transmit through commonly agreed sites and national transmission chains in the same co-ordinated way as in the UK, so that local broadcast reception of television programmes in the U.S. may vary considerably from channel to channel. In the UK, 98 per cent of homes can receive all three television channels.

Local U.S. cable television stations equipped with more sophisticated receiver equipment overcome the problem by picking up the various channels and then relaying them by cable to the homes of subscribers. Inevitably in the process, numerous locally-programmed services have been added, including two-way services such as Warner Cable's Qube system which provides Columbus subscribers with 30 channels including information services which the viewer can himself call up. New technologies, especially fibre optics, promise less expensive and technically better installations. Britain is not only in the forefront of such developments but actually has some cable networks which utilise glass fibre "cables."

The American cable scene has undergone a renewed boost in recent times with the availability of RCA's commercial satellite services. These enable a television programme company—or anyone else who cares to book expensive satellite time—to relay signals across the U.S. without the usual problems of local reception. But domestic television sets cannot pick up satellite transmissions without the addition of relatively expensive dish aerials and converters—so local cable TV stations have installed such equipment themselves and pass the signals on via cable to their local subscribers.

In consequence, American television distribution has opened up in a way that British viewers (albeit on only three channels) take for granted. The offerings have proliferated, and even industrial sponsors can pay to have their films sent out on the satellite link to make them freely available to any of the 2,000 ground stations in operation (whether the stations choose to "take" them and relay them to subscribers is of course another matter).

The latest such offering is by Time-Life, which is distributing 12 hours per week of BBC television programme's under the title, "BBC in America."

The prospect that satellite television may achieve saturation coverage in the UK is causing excitement. If Continental stations beam commercial programmes with advertising into UK homes, that would dilute the quality of indigenous television and cream off some of the top layers on the advertising cake. But three problems would have to be resolved: 1—Most Continental programmes would have to be originated in English to be of much interest (soccer and music apart). 2—UK households would have to spend an estimated £200 each for domestic dish aerials and converters—making the audience size for potential advertisers not much above that promised by video players (which could never rely on advertising revenue to fund programming). 3—The International Telecommunications Union has a regulation requiring transmissions to be restricted to national boundaries as far as possible unless agreement has been reached with affected neighbouring countries.

FILM AND VIDEO

BY JOHN CHITTOCK

If UK viewers are prepared to pay to receive foreign TV programmes, the existing cable networks could, of course, provide the means of distribution and revenue collection. There are over 2m homes in Britain which receive their television via cable services (frequently as a package with the rented television receiver). This service overcomes occasional problems in local reception or TV aerial installation (especially in large blocks of flats) and generally offers as a bonus not only BBC1, BBC2 and the local ITV station but at least one other ITV station (pulled in by the relay station's sophisticated equipment).

With a subscriber network already connected, and another 2m homes within reach of present cables, the operating companies in the UK naturally see scope for additional revenue by providing feature films on a further channel, for which subscribers would pay an additional monthly rental on top of the current £1 to £1.40 a month for broadcast signals. The Government is committed to allowing such a scheme, and the Home Office has just issued a consultative document to all affected parties (including the cinema industry). It seems likely that a pilot scheme will be approved by the autumn and may be operational before the end of the year.

Nonetheless, 2m to 4m homes is hardly a licence to print money — assuming everyone opted for the extra service. The cost of extending the network to additional homes in Britain is quoted by one industry expert, perhaps ambiguously, as in the region of £90 to £160 a home. But this assumes 100 per cent connection, and would be available only in towns and well populated areas. The economic viability of new cable networks would depend on most homes taking the service and paying for feature films; otherwise the capital costs do not appear to make extension of the network very attractive.

It seems likely, therefore, that for a long time to come cable television in Britain will spread slowly, reaching at most ten households. Feature films will become available to homes which pay an extra surcharge (hence the industry's newly preferred term "subscription television" rather than Pay TV—we all pay for our TV). But beyond that, expansion is unlikely to follow the American bonanza — 11½m cable subscribers, of whom nearly already pay extra for movies and a rapidly growing market.

Different

The situation in Britain is quite different. There is no such consumer hunger for satellite and cable television on the American model. Perhaps the UK cinema industry, with only 8m to 10m customers a month, has reasons to fear subscriber TV—but it is by no means certain that these subscribers will be the same people who visit the cinema. More journalistic mileage remains in chips, microprocessors and video, all of which may really change our lives.

Prince Charles makes flat debut

RACING

BY DOMINIC WIGAN

PRINCE CHARLES, whose riding has, in general, been confined to polo and the hunting field, today has his first ride under Jockey Club rules.

His presence on Mr. Paul Mellon's Long Wharf in Plumpton's Mad Hatters' Private Sweepstakes, seems certain to attract a big crowd to the small Sussex course.

Coral Racing has been running an ante-post book on this two-mile flat event. The Prince of Wales' mount (initially a 7-2 second favourite) is now quoted at 6-4, while the original market leader, Glamour Show, to be ridden by Althea Gifford, is 5-2.

Shackleton's Flyer (5-1) and Solo Sol (6-1), are the only other runners to have been backed to beat either of these two.

Although the chances of Long Wharf must be respected following his victory by three-quarters of a length over The Tsarevich (by no means disgraced on Saturday) a month ago at Sandown in the Ripley Hurdle, I suspect the race will be won by either Glamour Show or Solo Sol.

Glamour Show whose experienced rider regularly schools for her husband, Josh Gifford, has, unlike the majority in the field, shown creditable form on the flat. This bay son of Welsh Pageant, has been trained with this race specifically in mind since running on to be sixth in a novices hurdle at Sandown on January 5.

Glamour Show is thought to have improved a good deal since then, and will be ideally suited by this event.

Richard Head's Solo Sol, a nine-year-old chestnut gelding by Solon Morn, followed home Norfolk Arrow, ridden by Althea Gifford, in Fontwell's running of this event a year ago. He, too, is ready for success after a long absence from the racecourse.

In a race in which Glamour Show appears to represent the best betting value, Mrs. Ryan Price's Blood Brother, ridden by Sarah Thompson, may be the best of the outsiders. However, irrespective of his final placing here, this four-year-old still has some way to go before recouping the 51,000 guineas paid for him as a yearling.

PLUMPTON

1.30—Davidoff**
2.00—Dante's Rogue
2.30—Morton The Hatter
3.00—Damside
3.30—Egbert
4.00—Cantastar
4.30—Glamour Show***

KELSO

2.15—Malboro
3.15—Direct Line
3.45—Roystar
4.15—Weather All*

TV/Radio

BBC 1

† Indicates programme in black and white

6.40-7.55 am Open University (Ultra high frequency only). 9.35 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 Trumpton. 2.00 You and Me. 2.14 For Schools, Colleges. 3.25 Dechrau Sierad. 3.53 Regional News for England (except London). 3.55 Play Schools (as BBC2 11.00 am). 4.20 Yogi Bear. 4.25 Jackanory. 4.40 Isla and the Farm on the Hill. 5.05 John Craven's Newsround. 5.10 The Great Grange Hill Debate.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.55 Daffy Duck.
7.05 The Osmonds (London and South East only).
7.35 Life on Earth.
8.30 Sweet Nothings.
9.00 News.
9.25 Flesh and Blood.
10.20 Parting Shots from Animals.
11.10 Platform One: Denis Healey, MP, in conversation.
11.40 Weather/Regional News.

All Regions as BBC1 except as follows:

Wales—10.38-10.58 am I Ysgolion. 4.40 Crystal Tipps and Alistair. 4.45-5.05 Yn Noson Dywyll. 5.55-6.20 Wales Today. 7.05-7.35 Heddiw. 10.20 Elijah. 12.25 am News and Weather for Wales.

Scotland—10.38-10.58 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 7.05-7.35 The Osmonds with Andy Williams. 10.20 Current Account. 10.50 Can Seo. 11.25 Write Away. 11.40 pm News and Weather for Scotland.

Northern Ireland — 10.38-10.58 am For Schools (Ulster In Focus). 3.53-3.55 Northern Ireland News. 5.55-6.20 Scene Around Six. 7.05-7.35 Children and Their Music. 10.20 Spotlight on Northern Ireland Affairs. 10.50 Parting Shots from Animals. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 7.05-7.35 East (Norwich) Pickin' with Pete; Midlands (Birmingham) Look! Hear!; North (Leeds) Lifelines: North East (Newcastle) Looks Natural: North West (Manchester) Ready Eddie Go; South (Southampton) Hey Look . . . That's Me!; South West (Plymouth) Over to You; West (Bristol) Sports Show.

BBC 2

6.40-7.55 am Open University.
10.05 Making Union Democracy Work.
10.30 Lost for Words.
11.00 Play School.
11.25 Write Away.
11.40 It's a Great Life.
2.30 pm Dilemmas.
3.00 Propaganda with Facts.
3.30 A Woman's Place?
4.50 Open University.
†5.40 Flash Gordon.
6.00 The Waltons.
6.45 Bowls: Embassy World Indoor Championship.
7.20 Mid-Evening News.
7.30 Home Ground.
8.00 Change of Direction.
8.30 Writers and Places.
9.00 Holocaust.
10.35 Cartoon Two.
10.45 Newsnight.
11.30 The Old Grey Whistle Test.

LONDON

9.30 am Schools Programmes. 12.00 Paperplay. 12.10 pm Pipkins. 12.30 The Sullivans. 1.00 News plus FT Index. 1.20 Thames News. 1.30 Take the High Road. 2.00 After Noon Plus. 2.45 Wilde Alliance. 3.45 Three Little Words. 4.15 Pop Gospel. 4.45 Magpie. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Charlie's Angels.
8.00 Armchair Thriller.
8.30 Leave it to Charlie.
9.00 Hollywood.
10.00 News.
10.30 The Brinsworth Tribute Show.
11.30 Thames Debate.
12.15 am Close: Rita Tushingham reads poems by Roger McGough.

All IBA Regions as London except at the following times:

ANGLIA

1.25 pm Anglia News. 5.00 About Anglia. 7.00 Bygones. 7.30 You're Only Young Twice. 11.30 Mrs. Columbo. 12.25 am Anthology.

ATV

12.30 pm George Hamilton IV. 1.20 ATV Newsdesk. 5.15 Circus. 6.00 ATV Today. 7.00 Emmerdale Farm. 7.30 England Their England. 11.30 ATV Newsdesk. 11.35 Night Flight.

BORDER

1.20 pm Border News. 5.15 Father Dear Father. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 7.30 Survival. 10.29 Border Weather. 11.30 Luke's Kingdom. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 5.15 Bailey's Bird. 6.00 Report At Six. 10.28 Channel Late News. 11.30 Kaz. 12.25 am Commentaires et Previsions Meteorologiques.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News Headlines. 6.00 North Tonight and Area Weather Forecast. 7.00 The Love Boat. 10.30 Country Focus. 11.00 Reflections. 11.05 Celebrity Concerts. 12.00 Beauty Of My People. 12.30 am North Late Night Headlines.

GRANADA

1.20 pm Granada Reports. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Emmerdale Farm. 7.00 A Man Called Sloane. 11.30 Fireside Theatre.

HTV

1.20 pm Report West Headlines. 3.45 The Entertainers. 5.15 Magilla Gorilla. 5.20 Crossroads. 6.00 Report West. 6.30 Best In The West. 7.00 The Incredible Hulk. 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV West/HTV General Service except:—10.16-10.31 am Mwy Neu Lai. 12.00-12.10 pm Ffalabalam. 1.20 Penawdau Newyddion Y Dydd. 1.25-4.45 Sbardun. 5.00 Y Dydd. 6.15-6.30 Report Wales. 6.30-7.00 Worzel Gummidge. 10.30 Bywyd. 11.15 World In Action. 11.45-12.16 am Father Dear Father.

SCOTTISH

1.20 pm News Headlines and Road and Weather report. 1.30 Selwyn. 5.15 Cartoon. 5.20 Crossroads. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take The High Road. 7.30 Father Dear Father. 11.30 Late Call. 11.35 1980 Butlin's Grand Masters Darts Championship. 12.05 am George Hamilton IV.

SOUTHERN

1.20 pm Southern News and Weather. 5.15 Dick Tracy Cartoon. 5.20 Crossroads. 6.00 Day By Day. 7.00 Emmerdale Farm. 7.30 Doctor Down Under. 11.30 Southern News Extra. 11.35 Fireside Theatre.

TYNE TEES

9.20 am The Good Word followed by North East News Headlines. 1.20 pm North East News and Lookaround. 5.15 How's Your Father. 6.00 North East News Headlines. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 7.30 Survival. 11.30 North East News Headlines. 11.35 Fireside Theatre. 12.30 am Epilogue.

ULSTER

1.20 pm Lunchtime. 4.13 Ulster News Headlines. 5.15 Cartoon Time. 5.20 Crossroads. 6.00 Good Evening Ulster. 7.00 Emmerdale Farm. 7.30 A Drop In Your Hand. 10.29 Ulster Weather. 11.30 Barney Miller. 12.00 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 5.12 Gus Honeybun's Birthdays. 5.15 Bailey's Bird. 6.00 Westward Diary. 10.28 Westward Late News. 11.30 Kaz. 12.25 am Faith For Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. 3.45 Calendar Tuesday. 5.15 How's Your Father? 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm. 7.30 Survival. 11.30 Sidestreet.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92-95vhf

BBC Radio London: 1458kHz, 206m & 94.9vhf
Capital Radio: 1548kHz 194m & 95.8vhf
London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast

5.00 am As Radio 2. 6.00 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett. 2.00 pm Andy Peebles. 4.31 Kid Jensen. 7.00 Personal Call. 8.00 Mike Read. 9.50 Newsbeat. 10.00 John Peel (S). 12.00-5.00 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2. 8.02 pm Glamorous Nights (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am News Summary. 5.03 Steve Jones (S) including 6.15 Pause for Thought. 7.32 Ray Moore (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music (S). 5.00 News. 5.05 Waggoners' Walk. 5.20 Much More Music (S). 8.03 John Dunn (S). 8.02 Hubert Gregg says I Call It Genius: Walt Disney. 9.02 Boxing Special. 11.00 The Frankie Howerd Variety Show (S). 12.00 News. 12.05 am Brian Matthew with Round Midnight. 2.02-5.00 You And The Night And The Music (S).

RADIO 3

‡6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Brahms (S). 10.00 The Trio-Sonata (S). 11.00 Young Composers 79 (S). 11.30 Solo Cello Recital (S). 12.15 pm Midday Concert part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 Midday Concert part 2 (S). 2.00 Busoni Sonatinas (S). 2.30 In The Shadows Of The Great (S). 3.25 Symphonies From Eastern Europe (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly For Pleasure (S) (‡ and mono only from 8.20). 7.00 Vienna Wind Soloists (S). 7.30 Play Festival: "The Streets Of Pompeii," by Henry Reed (S). 8.10 Vienna Concentus Musicus concert, part 1: Fasch, Schmelzer (S). 8.45 Interval Reading. 9.50 Concert, part 2: Bach, Vivaldi, Telemann. 10.45 All The Human Frame Requires. 11.00 Cello and Piano recital (S). 11.55-12.00 News.

VHF only—6.00-7.00 am and 6.20-7.00 pm Open University.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today From Rhodesia, including 6.45 Prayer for the Day. 7.00, 8.00 Today's News. 7.30, 8.30 News headlines. 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Tuesday Call (Antiques and collecting). 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Story Time. 11.00 News. 11.05 Thirty-Minute Theatre. 11.35 Local Edition. 12.00 News. 12.02 pm You And Yours. 12.20 Down Your Way. 12.55 Weather: programme news. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping forecast. 2.00 News. 2.02 Women's Hour. 3.00 News. 3.02 Listen With Mother. 3.15 Women in Love (S). 4.10 Bookshelf. 4.40 Announcements. 4.45 Short Story. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather; programme news. 6.00 News. 6.30 Just A Minute (S). 7.00 News. 7.05 The Archers. 7.20 The Restless Years. 8.05 In Touch. 8.30 Choirs Of Wales (S). 9.15 From Our Own Correspondent. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 The Hornblower Story (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 10.03 The Robbie Vincent Telephone Programme. 1.03 pm London Live. 3.03 John Toogood's Showcase. 4.30 London News Desk. 5.35 Look, Stop, Listen. 7.03 Black Londoners. 8.00 Question Time from the House of Commons. 9.00-5.00 am Join Radio 2.

F.T. CROSSWORD PUZZLE No. 4,216

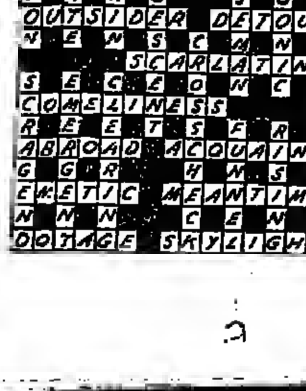
ACROSS

1 Girl's early model car in Home Counties (8)
5 Died on the Queen Elizabeth by the way (6)
9 Hungry bird round United States (8)
10 Intimate token (6)
12 Support outside right isolated (5)
13 Manage to get 1d: confess to swindle person (2, 3, 4)
14 Meat and vegetable cook by the way goes to jug (6)
16 Clergyman before and after time (7)
19 Steersman taking care of doctor affected person (7)
21 Run away towards northern town (6)
23 Skips with girls abroad (6, 3)
25 Dickensian footballers drink (5)
26 Entrance under cover (6)
27 Approach team left to the British motorist (4, 4)
28 Bowler blushing with ill-feeling (6)
29 Natural for neither to get upset about Pole (8)

DOWN

1 Rash as complicated as plague (6)
2 Flower over which late departures are taken (5, 4)
3 Like being extravagant? (5)
4 Complete circuit or up and down (7)
6 Match girl fit to go to prison (9)
7 Dance that could beat travel (5)
8 Gave way about fast time given to Edward (8)
11 Thousand enter modern music ceremony (4)
15 Good for one to complete a few (9)
17 Next to an extensive border (9)
18 Like a rogue to make seafood keep quiet (8)
20 Confound this wind (4)
21 One bird got its teeth into another (7)
22 Purpose of camping (6)
24 Depressed on account of Middle East leader (5)
25 Almost fail to remember Smith's place (5)

Solution to Puzzle No. 4,215



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. Credit Cards. 240 5258. Reservations 836 3161. Evgs. 7.30. Mat. Sats. 2.30. LONDON FESTIVAL BALLET.

THEATRES

PALLADIUM. CC. 01-437 7373. YUL BRYNNER in RODGERS & HAMMERSTEIN'S THE KING AND I also starring VIRGINIA McKENNA. HOTLINE 01-437 2055. Evenings 7.30. Mats. Wed.

GARRICK. CC. 01-836 4601. Evgs. 8.00. (sharp). Fri. and Sat. 5.30 and 8.30. Gareth Hunt in DEATHTRAP.

GLOBE THEATRE. S. CC. 01-437 1592. Group sales 379 6061. Evgs. 8.00. Mats. Wed. 3.00. Sat. 5.00 and 8.15. Beryl Reid, Barry Foster, Peter Bowles, Jan Waters in a new play by Peter Nichols BORN IN THE GARDENS. Directed by Clifford Williams.

GREENWICH THEATRE. S. CC. 858 7755. Preview Tomor. 8.00, opens Thur 7.00, subs. 8.00. Mat. Sat. 2.30 PRIVATE LIVES by Noel Coward.

HAYMARKET THEATRE. CC. 01-930 9832. Evgs. 8.00. Mat. Wed. 2.30. Sat. 4.30 and 8.00. DOROTHY TUTIN DONALD PLEASENCE. REFLECTIONS. A new play by John Peacock. Red. price previews, March 11 and 12. 8.00 pm. Opens March 13 7.00.

HER MAJESTY'S THEATRE. 930 6606. Opening March 19. The award-winning Broadway Musical ON THE 20th CENTURY. Reduced price previews from Monday next.

King's Head 226 1916 Dinner 7. Show 8. CATCHPENNY TWIST by Stewart Parker.

LYRIC HAMMERSMITH. 01-741 2311. West End Box Off. 836 4207 last wk. Evgs. 7.30. Thurs. Mat. 2.30. Sat. 4.30 and 8.15. COUNTRY LIFE. First London showing of Goldoni's delightful comedy. Directed by David Giles. First prev. March 12. MAKE AND BREAK by Michael Frayn. With Leonard Rossiter and Prunella Scales. BOOK NOW! Special Event: Instant Sunshine 15 Mar. at 8.

LYRIC STUDIO: Evgs. 6. Sat. 6.30. Mats. Wed. and Sat. 2.30. DR. FAUSTUS. Cast includes James Aubrey & Patrick Magee.

LYRIC THEATRE. CC. 01-437 3686. Group Sales 379 6061. Evgs. 8.00. Wed. 3.00. Sat. 5.00 and 8.00. RICHARD BRIERS, PAUL EDDINGTON in MIDDLE AGE SPREAD COMEDY OF THE YEAR. WEST END THEATRE AWARDS.

MAY FAIR. S. CC. 01-629 3036. Mon.-Thur. 8.0. Fri. Sat. 6.0. 8.45. SUSANNAH YORK DANIEL MASSEY DONALD PICKERING FRANCES WHITE in APPEARANCES by Simon Benmussa after Henry James.

NATIONAL THEATRE. S. CC. 928 2252. OLIVIER (open stage): Ton't 7.30, tomor 2.45 (low price mat) & 7.30 THE WILD DUCK by Henrik Ibsen trans by Christopher Hampton (Richard III must end March 8). LYTTELTON (proscenium stage): Ton't & Tomor 7.45 THEE AND ME, new play by Philip Martin. COTTESLOE (small auditorium—all tkts. £3.00. Student Standby £1.20): Eugene O'Neill Season: Mon to Sat 5.30 THE ICEMAN COMETH (please be punctual—lasts 5 hours). Excellent cheap seats from 10 am day of perf. all 3 theatres. Car park. Restaurant 928 2033. Credit card bkgs 928 3052.

OLD VIC. 928 7616. Nimrod Theatre of Australia production THE CLUB by David Williamson. "Riotous mickey-take of life in Brian Cloughland Down Under." E. News. March 4-April 12. Evgs. 7.30. Sat. Mat. 2.30.

PALACE. CC. 01-437 6834. Mon.-Thurs 8.00. Fri., Sat. 6.00 and 8.40. JESUS CHRIST SUPERSTAR. Group sales 01-379 6061. LAST SIX MONTHS.

CINEMAS

CLASSIC 1, 2, 3, 4, Oxford St. 01-636 0310 (opp. Tottenham Court Rd. Tube). 1: LAST 2 DAYS' NIGHTWING. Progs. Sun. & Wk. 1.15, 3.40, 6.10, 8.30.

CLASSIC 1, 2, 3, Haymarket (Piccadilly Circus tube) 01-839 1527. 1: APOCALYPSE NOW (X) A 70 mm Dolby Stereo presentation. Progs. 1.30, 4.30, 7.40. 2: RISING DAMP (A). Progs. 1.05 (not Sun.) 2.45, 5.25, 8.00. 3: Dudley Moore '10' (X). Progs. 1.00 (not Sun.), 3.05, 5.40, 8.15.

CLASSIC POLY. Oxford Circus (Upper Regent Street). 637 9863. Ken Loach's BLACK JACK (U). Progs. 1.45 (not Sun.), 3.35, 5.55, 8.10.

ART GALLERIES

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floor shows. 189, Regent St. 734 0557.

GARGOYLE, 69, Dean Street, London, W.1. NEW STRIPTEASE FLOORSHOW "CLOSE ENCOUNTERS" 11-2.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

THE ARTS

Agnew/Wildenstein/National Gallery

Provincial delights

by DAVID PIPER

The new exhibition at Agnew's in Bond Street, *English Pictures from Suffolk Collections* (until March 28), should not only lift the heart of the visitor, but also help sustain the imperilled fabric of some of the most enchanting churches in England, those late Gothic masterpieces in which East Anglia is so rich. The show is staged in aid of the Suffolk Historic Churches Trust, to which all proceeds go. No visitor need fear that a visit will be a mere charitable duty, for he is offered no parochial jumble but a selection of English painting, a great deal of which is of National Gallery calibre. The emphasis is on the great figures of the English "Golden Age"—Hogarth, Reynolds, Gainsborough, Stubbs, Romney and Lawrence; on English landscape, with Wilson, Crome, Turner, Bonington, and de Wint less copiously, but perhaps more perfectly, represented than Constable; and on early 20th-century work, Camden Town and Sir William Nicholson.

From Ickworth comes Hogarth's engaging rump of Lord Hervey and Friends fantasticating over an open-air collation of fruit and wine. Inconsequential and unconvincingly articulated as composition, even slightly tipsy, the verve of the painting is nevertheless irresistible and the *detail* exquisite. Hogarth's power of indicating consequences of action not yet completed is inimitable—just as in his *Lord Graham in his Cabin* at Greenwich the bowl of the bewigged pug is all but audible, so too here is the splash that the cleric, whom Lord Ilchester is toppling from his chair, will very shortly make as he collapses in the water beyond.

For portraits there are, most notably, three stunning formal statements, all with a pronounced nautical flavour, from the hands of Reynolds, Gainsborough and Romney respectively. Though relatively early (1762), the Reynolds of Captain Hervey is of an heroic quality that he never surpassed. The captain with his naked sword thrust up from his hip against a thunderous sky is as majestic in modern (or eighteenth century) terms as the image of Jove with thunderbolt in myth.

Later, the same sitter posed by Gainsborough on the seashore, dangling a telescope—a painting so consummately relaxed and delicate in the handling, yet so magisterial that Horace Walpole acknowledged it justly as "one of the best modern pictures." Wavelets fawn just clear of the subject's elegantly shod feet, having clearly not ventured to touch them: the captain might have taught King Canute a trick or two.

And thirdly, Romney's Captain Sir Hyde Parker, if far less subtle in characterisation, shows just how convincingly the painter, *given a sitter of film-star physical glamour*, could invest him with permanance for posterity. Stubbs, too, is at his best here, in visions of Newmarket as an equine arcadia. The moderns are mainly Camden Town paintings, especially Sickert, but also in contrast two superb examples of the brilliant paint of that still under-rated artist Sir William Nicholson.

Finally, a typical John Piper watercolour of the tower of All Saints, Stansfield, incandescent, dated 1980 and painted by the artist as a gift to the Trust to be sold in aid of such churches—and for a sobering account of the physical condition of the fabric of that very same tower, see Norman Scarfe's introduction to the catalogue.

Suffolk to Agnews, and, further up Bond Street, Glasgow to Wildenstein's with no less charitable intent—this time in aid of the National Art-Collections Fund and showing continental not British (until March 28). Glasgow's Art Gallery is of course one of the most splendid of the major provincial collections of Britain. This, then, is a selection from a public collection rather than from private ones, and though including masterpieces of international renown, these, seen face to face as distinct from in reproduction, will come as a shock to southerners who may not get all that often to Glasgow.

Glasgow and Wildenstein have been generous indeed. Here is that armoured saint and kneeling donor rapt in an intensity of devotion perhaps all the more spell-binding because their focus of adoration, the Madonna, has for centuries been lost—one of the supreme masterpieces by that very rare early French painter, the Master of Moulins. Here is the profile of the armoured youth who may well be Rembrandt's romantic conception of Alexander the Great, gleaming from the shadows.

Two atmospheric El Greco portraits, an enormous wind and sky rinsed wilderness by Salvator Rosa—even the famous Giorgione (?) of the Adulteress before Christ in all the splendour of its sonorous colour. The (?) is almost as famous as the picture itself, which I gather stopped off briefly at the National Gallery on its way to Wildenstein's for a clinical reappraisal. Definitive diagnosis—Giorgione or early Titian, but surely not Catena—still seems elusive—at least, the Director of the National Gallery admitted uncertainty when opening the Wildenstein exhibition, which he did with a clarion call to all good men and true (and perhaps, especially right to rally to the cause of the museums. The quality of the painting remains serenely unaffected by learned argument as to its authorship—as Michael Levey asserted, it is a masterpiece of early sixteenth century Venetian painting.

As far as museums and patrons are concerned, Glasgow's great collection is a shining example of private generosity building civic pride. Almost everything shown here is a gift or a bequest, from the Giorgione (?), the El Grecos, the Rembrandts, to one of the most famous Millets ("Going to Work," the paint indeed worked as if by a rustic Daumier), to Cézanne, to one of the most magical of Degas dancers, pastel floated across the picture surface as delicate as the gauze of the tutus yet structured as exactly as a spider's web. It seems quite typical of Glasgow patronage that the most famous of Glasgow dealers, Alexander Reid, should have been painted by Van Gogh, and the range of Impressionists and after extends through Monet and Sisley to Cézanne, Seurat, and on to Vuillard (a bewitching mosaic of colour, Mother and Baby, from what I always think of as his patchwork period). Fauve Derain, Picasso and Matisse. For the first four weeks in March, a walk up Bond Street is offering great pleasure.

The exhibition at Agnew's includes just one Turner—but a superlative one: *Fort Vimieux*, an evocation, painted about 1831, of an English man-of-war aground off the French coast in 1805, keeled over at seemingly irrecoverable angle and prey to the French coast batteries—but even more, in Turner's best apocalyptic vein, to the salvoes of the fierce sunset. As so often with Turner, the sun has a Shiva role: the creator by whose virtue of light all things are created in the seeing eye, but no less the destroyer.

Turner features again in the first of a new series of exhibitions at the National Gallery (*till April 13*). These, called *Second Sight*, will feature juxtapositions of two paintings in the collection which are in some way or other complementary, and the compelling obvious opener could hardly be anything but Turner and Claude. Turner's *Dido building*

Detail from Reynolds' portrait of Captain Augustus Hervey, on show at Agnew's

Carthage, painted in deliberate homage to—but also rivalry with—Claude's *Seaport: the Embarkation of the Queen of Sheba*. Turner wished his picture to hang alongside the Claude in the National. Recently (though far from always in the past) it has indeed done so, and now the juxtaposition, set up outside the temporary exhibition area is supported within that area by a film some 20 minutes long, in which Michael Wilson analyses lucidly not only Turner's debt to Claude, but also the two painters' fundamental disparity.

This form of presentation has certain problems. I prefer my pictures quiet — concerts in galleries can be pure enchantment, but I have personal resistance to individual pictures underlined, as it were, by snatches of apposite music. This is, however, purely a matter of personal taste, and the music chosen in this programme is indeed tellingly apt. The other problem may well flummox the more casual visitors: it is this. Exposition of a painting by slides projected on a screen means that the light seems to come through the picture—which becomes virtually the equivalent of a stained glass window.

This gives, especially in the case of painters who drenched their pictures in light, as did both Claude and Turner, an astonishing larger-than-life or even-than-art, brilliance, so that when the dazzled film-viewer emerges from the dark to contemplate the originals in their oil paint on canvas, his first reaction may be that these originals have died on him, inert and flat. At least, so I found. It could be enough to disillusion an innocent viewer, and so the visitor should perhaps be warned that the impression is entirely ephemeral, a matter of minutes, seconds even, before the authority of the originals asserts itself, enhanced now by the deeper understanding provided by the film.

It is, I think, simply that one has to readjust one's vision: instead of reacting passively to the image projected into the retina by the slide, one has deliberately and actively to go into the actual picture itself. The *Second Sight* series is a variation on the very successful concept of *Painting in Focus*, and judging by this first experiment, bodes very well.

Pizza Express Jazz Festival

The second Pizza Express Jazz Festival takes place on Friday, from 5.30 to 11.30 pm at the Logan Hall Theatre, Bedford Way, W.C.1.

Among the British, and American stars playing are trombonist Al Grey and tenor-saxist *Jimmy Forrest*, both former Count Basie sidesmen, drummer Oliver Jackson, bassist Leonard Gaskin, pianist Cliff Smalls, saxist Danny Moss and Bobby Wellins and trumpeter Digby Fairweather.

In addition the festival will bring dancing back to jazz with Ted Heath and his Music, directed by Don Lusher, who will play in the neighbouring Jeffrey Hall.

Some of the Heath alumni who will be featured include pianist Norman Stenfalt, drummer Jack Parnell, clarinetist Henry Mackenzie, tenor-saxist Tommy Whittle and trumpeters Kenny Baker and Ronnie Hughes.

Tickets for the event are £5 in advance, from Keith Prowse agencies or any branch of Pizza Express or Hamburger Heaven, or at the door on the night.

Architecture

New South Bank

by COLIN AMERY

Towards the end of last year I wrote an article about the very long public inquiry that was taking place into the future of the large slice of South London that lies behind the National Theatre and runs downstream almost to Blackfriars Bridge. At that time the main contenders for the site were putting before the Inspector their various options from acres of offices to cosy closes of semi-detached houses.

One developer, Greycoat Estates, thought that it had pulled the rabbit out of the hat when, towards the end of the inquiry, it asked the architect Richard Rogers (of Centre Pompidou fame) to give to London what he had given to Paris. You may well ask what that is. The answer, in any language, is an innovative and lively piece of modern architecture.

The problem was that at the time of the inquiry, Mr. Rogers had the unenviable task of producing a strategy for the rebuilding of a large area of London in a fortnight. The result was not very convincing; Utopia takes a bit longer than two weeks. But things have improved. During the long period of waiting for the result of the inquiry, and with no certainty as to its outcome, Mr. Rogers and his partners have been changing and improving their designs.

I think that they are now worth very serious consideration in architectural terms. With the hideous and pointless Green Giant (the architects of which deserve to be eaten by a very black and terrifying giantess) hovering over the upper reaches of London's Thames—the Rogers' scheme deserves very careful examination.

If you stand in the Temple gardens and look across the river, the view at present is a very motley one. There is the concrete monumentality of the terraces of the National Theatre, which will be continued in the designs for the new IBM building, which will continue Sir Denys Lasdun's strata-like forms. London Weekend Television occupies a series of buildings of remarkable dullness and then there is the Oxo tower which the Thirties Society, in their desperate search for something to keep, plan to campaign to preserve. *As you look closer towards* Blackfriars Bridge there is a new building of such gloomy banality that it is probably wiser not to mention the name of the architect.

The view is not an inspiring one and the outcome of the present planning inquiry provides the opportunity to build a new part of London on a scale that has not been offered since the Festival of Britain. The nature of the site and its proximity to all the cultural buildings of the South Bank means that the opportunity is there, and probably for the last time, to make the area habitable again. Despite all the architectural skills that have been employed on the south side of the river, any normal person still feels like a member of a threatened species creeping along the concrete walkways in the pouring rain.

Mr. Rogers and Mr. Heseltine could change *all* this. They could make life more possible at ground level and close to the river. They could improve the skyline and build a city of glittering towers that would lure you over from the north bank. They could build a new bridge that will carry pedestrians in safety across the river on a path free from cars and railway trains. If the Greater London Council cared any more about the future of London they would sit down with Mr. Rogers and ask him to extend his ideas for the Coin Street site right along the south bank to the doorstep of their own County Hall.

What is it that commends the Rogers scheme? First of all it is a mixture of use—housing, offices, industry, recreation and leisure. Secondly it has an architectural excitement that comes from the creation of a series of eight towers of technology (that contain all the services) and a series of independent buildings in between. On the river itself there is a large new open space, an open air theatre (to be used by the National ?), cafes, shops and entertainment facilities leading up to the new bridge. This string of buildings could all be linked at or near ground level by a pedestrian galleria that could rival Milan or Houston in its beauty and liveliness. The much neglected river could gain a series of new moorings and a possible museum of the Thames.

Architecturally the treatment is by no means fixed. Parisians may love the Pompidou Centre but Londoners are less amused by technological tricks. They do, however, love their city, and the people who live on the South Bank deserve a fair deal; for too long they have been the second class citizens of the metropolis. Some good architecture that is of the highest possible standard that takes notice of the life on the ground is what is needed.

Richard Rogers deserves support and encouragement—he could achieve the almost impossible and build some new buildings that the public would actually like. The South Bank needs him—he should be given a chance.

Royale Theatre, Broadway

Whose Life Is It Anyway?

by FRANK LIPSIUS

To accompany its change of Broadway theatre, *Whose Life Is It Anyway?* undertook a transformation that encompassed a whole, new cast, a fresh setting in an American hospital, character name changes as well as a switch in the sex of the major character from a man to a woman.

While most of the innovations were at most cosmetic (the American hospital uses exactly the same set as the British), the sex change was more daring and required some delicate reworking of the scrip by playwright Brian Clark. The original part of Ken Harrison, as played by Tom Conti, showed a man incapacitated at the height of his attractiveness and activity. Portraying a character paralysed from the neck down, Conti made his head move for his whole body. His sarcasm and playfulness showed just what *he* would *have* been like had he been liberated from his deformity.

Mary Tyler Moore, as Claire Harrison, stoutly attempts to replicate the aggressiveness as well as the cleverness of the part. She makes a pass at her doctor in order not to be dismissed altogether as a woman. Unfortunately the part no longer lends itself to the same suggestiveness. After all, even without her feeling anything, a man's attraction to her could be expressed and physically consummated, as clearly was not true with a man in the part. Man's self-defeating, pathetic sexual banter that makes him brave makes her sound merely vain.

Despite a tendency to make faces a little too much, Miss Moore displays ample measures of intelligence and determination, her character's two most important traits. She perfectly illustrates the tragic dilemma she embodies — whether to *destroy* a mind at the height of its capacities or watch it deteriorate. She projects justifiable pride and cogency. Her eloquent arguments make the audience deeply regret just how right she is to want to die.

For the purposes of making the setting more American, Dr. Travers has become Dr. Jacobs. Matron—in America, the Director of Nursing—curiously still has a Scots accent as portrayed sternly by Beverly May. While the psychiatrist, played by Edmond Genest, uses the same words as before, but sounds utterly American, especially his much appreciated, sole line of self-description: "I was an only child. But enough about me."

The play has also been cluttered with unnecessary details—a lot more drugs are named and tedious ceremonies made of the matron's constant attention to turning sheets up and back. I thought something has been lost in this adaptation: the play was better off preserved maimed than destroyed unlike poor Claire Harrison.

Wigmore Hall

Fitzwilliam String Quartet

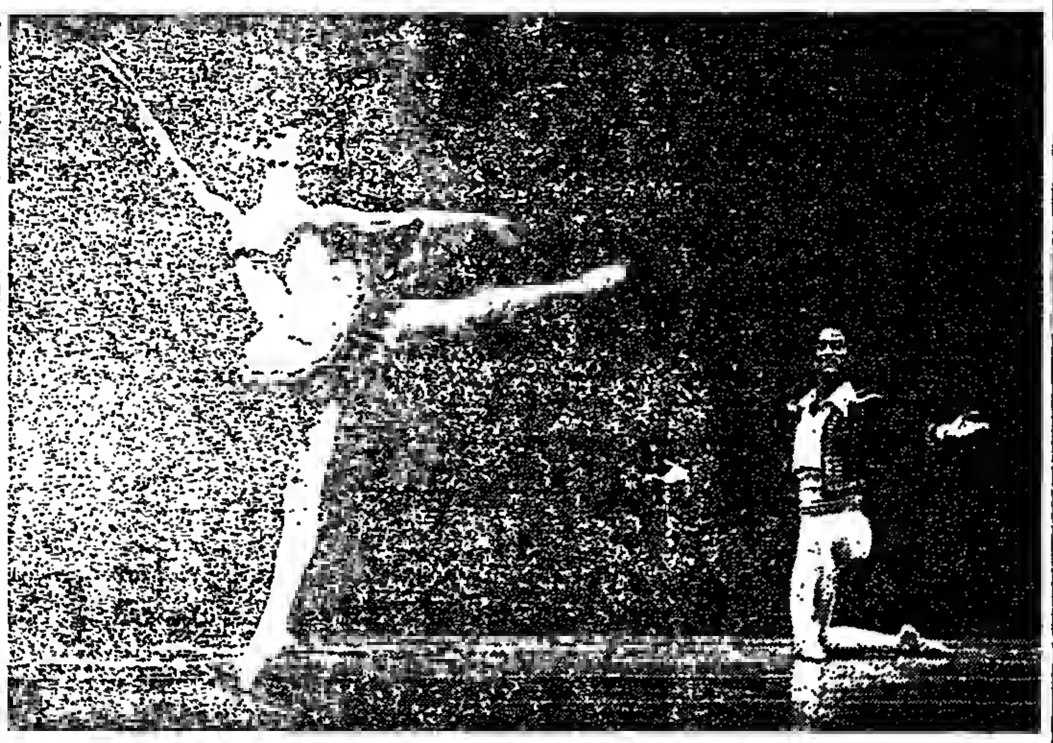
The long and successful Fauré series at the Wigmore Hall ended on Saturday night. It has demonstrated three things. The first of these, that Fauré chamber and piano music, to say nothing of the songs, can take their place with the greatest, should not have required proof. The second, very welcome, was the revelation that there is, by chamber music standards, a large audience in London for this repertory. The third, less welcome though under the circumstances not surprising (think how long it took British players to master Bruckner and Mahler), was that our instrumentalists haven't yet got the style of middle and late Fauré under their skins. That was true of the two splendid piano quintets given earlier in the series by the Music Group of London and the Nash Ensemble respectively—sympathetic capable readings just lacking the final ease and stylistic certainty.

The same was true, unfortunately to a greater degree, of this final concert, where the highly accomplished and rightly popular Fitzwilliam Quartet placed Fauré's solitary string Quartet between Haydn's refulgent op. 76 No. 3 (the Emperor) and Chaikovsky's incomprehensibly neglected No. 3 in E flat minor. As the programme note by the group's viola player Alan George disarmingly admitted (but candour is a double-edged weapon), Fauré's Quartet is "so extraordinary, perplexing, elusive, and difficult piece of music." It was his last work but there is no reason to suppose that the ever-industrious, ever-fertile, old master would not have written more if illness had not carried him off at the age of 79.

In the first movement Fauré returned to themes from the unfinished Violin Concerto of *50 years earlier*. The *finale* is not valedictory at all but a mentally and physically agile combination of rondo and scherzo. The work is saturated with the seamless polyphony he learnt in his student days at the Ecole Niedermeyer, deployed in his later manner, elliptical and harmonically ambiguous. The crown of the work's three movements is the central Andante, a gravely beautiful lyrical outpouring on a plane of lonely Beethovenian exaltation, austere but not cold.

Alas, this movement was the weakest part of the performance. When the Fitzwilliam play the work again (and they owe perseverance to their public and to the composer) they will surely clear up questions of balance like the too heavy off-beat chords before and after letter 12 in the score and avoid the English vice (above *all* at the end of the movement) of slowing down to have a look at the view. "Keep going" is a useful Faurean motto. More plangent tone is needed — an instrumental equivalent of French vocal nasality. Mr. George's viola, was just right (and earned him forgiveness for some silly remarks in his notes about Fauré extemporising on the organ). Perhaps this work really needs four violas! The pizzicato figure in the finale is not just a point of colour but a structural feature, not dainty but implacable, one of the unobvious ways by which Fauré secured his contrasts.

RONALD CRICHTON



Elena Carter and Joseph Wyatt in "Paquita."

New York ballet

Dance Theatre of Harlem

The Dance Theatre of Harlem has always been a classic ballet company whose dancers happened to be black, a company modelled by its founder, Arthur Mitchell, on his parent company, New York City Ballet. A pseudo-ethnic ballet like Geoffrey Holder's *Dougla* has been of less importance in Dance Theatre's repertory than the works of George Balanchine with which the company has established its *credentials*. Its performances of *Agon*, *Serenade*, *The Four Temperaments* can stand comparison with those of City Ballet—indeed, the comparison is not always to the senior company's advantage.

For Dance Theatre's recent season at the City Centre, Mitchell and his co-director, Karel Shook, decided that their dancers were now ready for the even greater challenge of the 19th century classics, and added to the repertory productions of *Swan Lake* Act II, and the *grand pas classique* from *Paquita*.

Swan Lake, as staged by Frederic Franklin, looks unfamiliar to eyes accustomed to Sergeyev's version of Ivanov's choreography (Ivanov's name does not even appear on the programme) and may be presumed to be closer to that given for years by the Ballet Russe de Monte Carlo. The choreography seems excessively mannered, especially in the *port de bras*. The mime is omitted, and so is much of the drama inherent in the actual dancing. Benno, the Prince's Friend, is restored, and is even given a solo variation, but does not take part in the adagio. Actually neither he nor any of the other characters are named; the scenery is abstract, and the women are dressed in various shades of blue — this is *Swan Lake* without the prince, without the swans, and without the *lake*.

This is too bad, because the Harlem dancers clearly have a sense of drama — they show it in Glen Tetley's *Greening*, the third of the season's new acquisitions. But neither this *Swan Lake* nor *Greening* gives them the specific objectives that are essential to any kind of dramatic performance: *Swan Lake* is reduced almost to abstraction, and *Greening* is generalised emoting in the usual Tetley manner.

I would not go so far as say that the company should *not keep trying with Swan Lake*, but the production needs radical re-thinking, which is true of course of almost any production of it you care to name. At the moment the star of the ballet is the Harlem *corps* in the right production they could play the crucial part in the drama that the *corps de ballet* must fill.

Paquita is another matter: here the dancers are on more familiar ground, for this is Petipa at his most Balanchinean, so to speak. The ballet was staged by Alexandra Danilova in collaboration with Franklin, and the dancers have responded enthusiastically to her coaching, performing the scintillating variations with wit and panache. (For once, the variations don't turn out to be the same ones you've seen in other Petipa ballets.) The adagio, in which the ballerina's movements are echoed by a line of 14 women extending diagonally across the stage, is a knockout. This would be a marvellous addition to any repertory.

So far, Elena Carter has danced the ballerina roles with the greatest authority. The beautiful Lydia Abarca seemed unable to encompass the legato phrasing of *Swan Lake*. Virginia Johnson, the company's purest classic ballerina, is at present too careful in the role, but if she could bring to her Odette the same emotional conviction she shows in *Greening*, it could become a great performance. Recognition of Ronald Perry as one of America's finest *danseurs nobles* is long overdue; his Siegfried has dignity but is again too subdued (in *Le Corsaire*, on the other hand, he goes in for flamboyance of the wrong kind).

DAVID VAUGHAN

Elizabeth Hall

William Byrd Choir

by FRANK DOBBINS

On Saturday night the Queen Elizabeth Hall became a sanctuary for the William Byrd Choir in a programme of *Masterpieces of the Jacobean Era*. Without incense, or ritual or any liturgical appurtenances a consecration was achieved by the devotion of the performers and the power of music. The consecration was a joyful one stressing the panegyric and opulent rather than the meditative aspects of the Jacobean sacred repertoire.

The choir's eponymous composer occupied pride of place with "Venite exultemus Domino" presented as a purely instrumental introduction by the Michael Laird Cornett and Sackbut Ensemble. This was a neat and well-balanced performance although it was curious to hear Messrs. Laird and Wilson using modern aids (valve trumpets) to crown the quartet of antique-looking sackbuts. The brazen sextet were joined by the 23 choristers for the ensuing eulogy "Laudibus in sanctis." This vigorous sequel, also from the "Gradualia," was followed by the more restrained "Ave verum corpus" sung with simple eloquence without the instruments. Byrd's Anglican music was represented by the calm "Kyrie" and "Nunc dimittis" from the "Great Service" and by the anthem "Sing Joyfully" jubilantly supported again by the brass—this time with the more authentic-looking and authentic-sounding cornetts instead of trumpets.

The trumpets, however, returned for a pair of five-part madrigals by Byrd and Weelkes which sounded quite effective without the words which their composers thought so important. Weelkes' music occupied the rest of the first half, providing opportunities to show the individual qualities of the singers (in the verse sections of the Anglican anthems and services) as well as a more frequent chromatic cadential spicing in the cadences. The brass returned to support "Hosanna to the Son of David"—which provided an exultant if somewhat turgid conclusion.

The second half, planned with similar care for balance and contrast, revealed some of the merits of Thomas Tomkins and Orlando Gibbons. The former's full anthem "Arise O Lord" provided a rhythmically exciting start, animated by the cornets and sackbuts while his "When David heard" overcame a tentative opening to achieve a serene ending. After another couple of wordless madrigals including the famous "Silver Swan" (hardly ideal as a brass quintet) a grand conclusion was assured with a group of Gibbons' anthems framed by the extrovert "Hosanna to the Son of David" and "O clap your hands."

Gavin Turner directed the dedicated vocal group with firm but economical technique, ensuring fine balance, lucid lines and splendid harmony. His programme also proved again that this fine music survives and can even sound resplendent in a seemingly alien environment. But a few problems remain, arising principally from the desire to benefit from the attractions of instrumental sonority. It is a pity that the *professional wind-players* of James I's time relied mainly on aural traditions and left us little notated music and little information on what they alone or in consort played with the educated and literate singers of the Royal Chapel.

While the present programme showed some taste and imagination in the choice of material for the massed ensemble, it could not avoid some verbal obscurity. Printed texts, particularly for the Latin motets, would help, as would a less forward and central position for the brass ensemble.

P.E.N. Prize

The winner of the 1979 Silver Pen Award is Anne Chisholm's biography *Nancy Cunard*, (Sidgwick and Jackson).

The Silver Pen Award is awarded annually by International P.E.N., a world association of writers, for an outstanding book written in English and published in England.

A £500 prize accompanied the Silver Pen Award presented to the author by the Minister for the Arts, Norman St. John Stevas, at the Elizabeth Hall in London.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY

Telegrams: Finantimo, London PS4. Telex: 8954871, 883897

Telephone: 01-248 8000

Tuesday March 4 1980

A neighbourly adjustment

THE RECORD of countries which have requested international help in financing their balance of payments problems while avoiding any sharp domestic policy actions is hardly a happy one, and the markets will probably remain suspicious of the Japanese yen despite the liberalisation of the capital account and the mobilisation of swap funds announced yesterday. The idea that debtors ought to suffer dies hard. However, Japan is not only the most formidably dynamic economy in the developed world, but perhaps the least understood: and both its record and its present situation provide strong arguments for suspending any harsh judgments in this case.

Protection

Japan's aggressive growth record and its remarkably quick adjustment to the first oil shock have been enough to provoke widespread anti-Japanese protectionist sentiment in the U.S., and in Europe; but the events of the last year have delivered a series of blows from which not even the Japanese economy can be expected to recover instantaneously. The yen, which was driven up to dizzy heights towards the end of 1978, following a remarkable balance of payments performance, has subsequently fallen as rapidly as it rose. This has not made Japanese industries super-competitive: it has simply restored the normal level of competitiveness of the mid-1970s. Nevertheless this adjustment, while oil and commodity prices were rising in dollar terms, was enough to worsen Japanese terms of trade by no less than 40 per cent in the year to December, and there has no doubt been a further deterioration since then.

At the same time, the Government has suffered a domestic setback. Public finances are in heavy deficit in Japanese terms. No less than 40 per cent of public spending is currently financed by borrowing. Since the public sector is relatively small in Japan, and private saving is abnormally high, this has not provided any notable fiscal stimulus, though it has tended to strain the capacity of a rather narrow bond market: the Government's plans called for the introduction of a value added tax to narrow the fiscal gap. This was part of a long-term programme of higher social spending, financed by higher taxation, aimed to make the Japanese economy more "neighbourly" and to improve the quality of life by raising social overhead costs, as it were, towards the international norm. However, an adverse public reaction was enough to deter a Government which is not politically robust, and the 1980 Budget—not yet enacted—is in the event broadly neutral.

While this setback has reduced any financial pressure which might have rectified the current account, the Government has been reluctant to replace fiscal pressure with a monetary squeeze. Crowth is modest by Japanese standards, and private investment is expected to fall. Money and credit growth have been well controlled despite interest rates which have remained low by international standards, and domestically generated inflation remains low. While wholesale prices have responded sharply to higher import prices, retail price and wage movements have remained moderate.

In all these circumstances it seems sensible that the Government should seek to mobilise the capital account to help the exchange rate rather than attempting to deflate an already subdued economy. Measures designed to make Japanese assets more attractive to OPEC investors are especially appropriate.

Indeed, it can be argued that in this respect Japanese policies are a model for other countries. The deflation of total demand in the developed world is a very costly way of making a marginal reduction in the likely OPEC current account surplus; providing an outlet for the investment of that surplus should help to reduce strain in the financial markets generally. The argument for deflationary policies, especially in the English-speaking countries, is essentially domestic.

New outlets

However, as long as the real economy remains in such good order, with an officially encouraged structural change towards more sophisticated industries with higher added value well in train, it is hard to be very worried about the long-term Japanese outlook. In due course a dynamic economy will find new outlets for new products—tending at the same time to correct the fiscal and the foreign balance. Meanwhile, Japan's trading partners should welcome the fact that the country has chosen methods of temporary adjustment which will neither cause disruption nor intensify the deflationary bias of economic policy in the developed world generally.

Prospects for the Chunnel

JUST OVER five years ago the idea of building a Channel tunnel to link Britain with France was apparently buried for the foreseeable future, amidst the Labour government's first round of public expenditure cuts. Relations between the French and British governments were not improved by Britain's sudden and unilateral withdrawal, which the French saw as a rebuff and a typical example of Britain's lukewarm commitment to all things European. But despite these poor antecedents, there is now mounting excitement in London, Paris and Brussels about the possibility of a tunnel being built after all.

Public funds

There have been no spectacular technical developments or changes to traffic forecasts to suggest that a cross-Channel link would be any more worthwhile in the 1980s than it would have been in the last decade. The present Government is even more concerned than its predecessor to keep a tight rein on the use of public funds. But two new, and partly contradictory, factors have come into play in assessing the likelihood, and the desirability, of a Channel tunnel going ahead.

There are signs in Britain that a new attitude may be emerging to the financing of major industrial investments by the public sector. There seems to be a growing realisation, connected with the Government's efforts to "privatise" large parts of the nationalised industries, that potentially profitable investments should be regarded primarily as commercial projects, rather than as elements of public spending. The difference in principle between the building of a nuclear power station and the development of a new oil field, or between the replacement of railway rolling stock and the purchase of a fleet of commercial vehicles, is less than the difference between any of these projects and the construction of a new school or hospital. Profitable investment in the "market" sector of the economy creates wealth, whether it is undertaken by private or nationalised industries.

It is now being claimed, both by British Rail and by proponents of some of the other schemes for cross-channel links, that their projects could generate enough profit to be undertaken as private commercial ventures. Indeed, the 15 per cent discounted rate of return which BR suggests for one of its alternative plans is considerably better than the profitability of British industry in general. If it turned out that the capital required for one of the Chunnel projects could in fact be raised from private investors, it would be hard to see how the British Government could fail to give its approval. Provided that Government did not provide the money and that a way could be found to insulate the Government-guaranteed finances of British Rail from those required for the Chunnel, there would be no chance of the taxpayer having to bear the burden if the project turned into another white elephant like Concorde.

For this argument to apply, however, it would be necessary for any project to be financed by genuine risk capital.

EEC support

It is at this point that the second vital factor in the Chunnel's reviving fortunes comes in. The European Commission has suggested that up to 20 per cent of the cost of the tunnel could come out of a new Community transport infrastructure fund. Without this stimulus it is unlikely that any of the proposed schemes would go ahead. But it is improbable that the Community would want to subsidise a project which did not have the direct support of the member governments involved. The British Government could therefore find itself under great pressure to back the Chunnel with public funds. The political pressure could be especially strong if support for the Chunnel is offered as part of a package of budgetary measures to redress the imbalance of payments to the EEC. The Government should only agree to back the Chunnel if it is convinced that it would have been commercially viable without any government guarantees.

BRITISH TEXTILE INDUSTRY

BY RHYS DAVID

Manufacturers find little sympathy in Brussels

WHEN Viscount Etienne Davignon, the European Commissioner for Industry, visits Yorkshire on March 27-28 at the invitation of the wool textile producers, there will be no shortage of gloom in the picture presented to him of prospects in the UK textile industry.

In West Yorkshire some 2,000 job losses in wool and carpets were announced in December and January alone, and across the Pennines in Lancashire employment in the cotton and allied textile industry fell by 1,260 in December, bringing the total fall for 1979 to 5,300.

The extent of the problems has been revealed, too, in the results of Carrington Viyella, one of Britain's big four textile groups, which has reported a £6m fall in profits to £8.49m in 1979, compared with £14.5m in 1978. Employment in the group has fallen by 2,000 in the past year and capital investment this year will be reduced to £8m—half the figure for 1978. Throughout the industry there are now predictions of difficult trading during 1980 and fears of further major job losses and of possible bankruptcies. The British Textile Employers' Association at a recent meeting with MPs described the situation in Lancashire as the worst for 40 years.

Now the industry's trade associations are drawing up a case for further tough restraints on textile imports when the present round of the GATT Multi Fibre Arrangement (MFA) finishes at the end of 1981. And it is partly to prepare the ground for presentation of this case—by showing that the present crisis occurred in spite of efforts to move into the new product areas and into more modern premises—that Viscount Davignon has been invited over. In the past 10 years the textile industry as a whole claims to have invested in excess of £2bn.

Other visits, all at the industry's invitation, have been made in recent months by Sig. Paolo Cecchini, one of Viscount Davignon's deputies, to mills in Lancashire, and by Herr Wilhelm Haferkamp, the Commissioner for external relations, to fibre plants in South Wales and Northern Ireland. The new head of the EEC's textile negotiating division, Herr Gunter Kreuzler, has also been to London to see officials of the British Textile Confederation (BTC).

The broad conclusion of both the textile and clothing sectors in the UK is that the present MFA, which imposes restrictions varying in severity on the growth in low cost imports of more than 100 items has worked tolerably well in its first two years of operation. The industry nevertheless points to a number of loopholes which it claims have limited the effectiveness of the overall protection afforded to the industry, and discouraged forward planning and investment.

Chief of these has been the EEC's treatment of its Mediterranean Associates with which informal understandings outside the MFA have been reached. In a number of cases the understandings have been seriously breached and a substantial growth in supplies from these countries has taken place. The UK industry has also expressed concern that having itself set global ceilings—limits on the total amount of imports of certain products from all sources—the EEC was prepared to overturn these last year to accommodate a big increase in imports of textiles from China. Over-generous treatment, according to both the BTC and its clothing counterpart, the Clothing Industry Council for Europe (CICE), has also been given to the Lomé countries, the group of mainly British and French ex-colonies with which the EEC has special links.

Finally, the EEC is criticised for being too slow to use its "basket extractor" mechanism to deal with sudden surges in imports from sources not previously controlled. Where this happens the EEC has the power under its MFA bilateral agreements to take the product concerned out of the "basket" and to impose quotas on the supplier concerned. In practice this has usually happened only after considerable delay, enabling imports to grow still further and resulting in a high base level being set for the quota eventually introduced.

These various weaknesses in the way the EEC Commission has approached the task of implementing the present framework of controls are seen by the UK industry as the main reason for the continued increase in the rate of textile and clothing import penetration into the UK market. Between 1977 and 1979, according to the BTC, imports increased in volume by 34 per cent while demand—reflected in a strong consumer boom in the 18 months up to June last year—rose by 18 per cent. In the first three quarters of 1979 the value of textile and clothing imports was up by 25 per cent over the same period of 1978, compared with a rise in exports of only 9 per cent, and the UK trade deficit widened to £579m.

The argument now being advanced by the industry therefore is that the present framework of controls on low-cost suppliers needs to be continued and improved, and a list of ten key points suggesting ways in which this could be achieved is included in preliminary papers drawn up by both the BTC and CICE. These will now go to the UK Government and to the industry's fellow trade associations in Europe for discussion, and will, the industry hopes, play a significant role in shaping the position which the EEC will adopt in negotiations with low-cost suppliers.

The Government has extracted from a very reluctant EEC Commission the right to impose restrictions under GATT rules on disruptive imports of two U.S. fibre products, though not on a third, carpets.

Government thinking on textiles was further explained recently by Mr. Cecil Parkinson, a minister at the Trade Department, in a speech to Manchester businessmen. He re-affirmed Britain's commitment to free trade and defended Britain's record in maintaining an open market. He also emphasised the point—which the Retail Consortium and the Consumers' Association have also made over recent months—that the consumer has to pay some price for protectionism, and he stressed, too, the need to give developing countries a stepping stone to industrialisation through textiles.

On balance, however, Mr. Parkinson concluded that controls on imports from the developing world would continue in some form not too different structurally from the present MFA. And he added: "While there is no prospect of reducing imports we will have to pay particular attention to securing acceptable rates of growth."

For its part the Brussels Commission is showing signs of beginning to find the textile industry a nuisance, with its constant demands for protection an obstacle to Community plans for encouraging closer links with developing countries. Commission officials are also highly sensitive to industry charges that the MFA has not been enforced strictly enough, and they argue that the last agreement was oversold by the UK Government to the textile industry, so as to make it appear more watertight than was feasible.

EEC officials also argue that the UK textile industry has chosen to ignore the political reality which lies behind some of the deals that have been reached, for example, with the Mediterranean Associates. Thus, it is argued, it was necessary to make concessions to Portugal in order to obtain an agreement lasting for three years. Fears of serious damage to the Turkish economy, and hence to the political and military balance of a very sensitive part of the world, are cited as reasons for reluctance to impose restraints last year on Turkish cotton yarn exports even after these had heavily exceeded quota levels. (Britain eventually insisted on individual restrictions for the UK market).

As its starting position for the next MFA the Commission has begun to suggest that the tough 1977 package—justified on the grounds that the Community industry needed a respite—cannot be repeated. Using its negotiating muscle the Commission obliged importers in 1977 to accept a number of derogations from the basic principle of a 6 per cent guaranteed growth rate for products under restraint, and three dominant low cost suppliers, Hong Kong, South Korea, and Taiwan had their quotas for certain very sensitive products reduced.

The Commission's view at this stage is that the next agreement should be substantially looser, and the aim would seem to be a return at least part of the way to the generally liberal arrangements incorporated in the first MFA in 1974. Further cutbacks on major suppliers are seen as a non-starter, but there is some support for the idea that ways should be found within the next agreement for doing more for the exports of the very poorest countries.

The UK suggestions of a longer MFA and of a recession clause are both seen as likely to be unacceptable to the developing countries, which would gain little from them. "The last MFA agreement was intended as a once and for all breathing space so that the industry could move into more profitable areas. The extent to which it has done this will be one of the questions certain to be raised when GATT's textile committee meets to review the MFA at the end of this year," one senior Commission official pointed out.

Balancing factor

The same official explained that while the EEC remained committed to a viable textile industry it was not committed to the preservation of all branches of the industry in all member countries. In other words the disappearance of certain sectors in Britain or Germany could be balanced by their continued success, for example, in Italy. Furthermore the Community's textile capacity is set to rise substantially with the entry of the three new members—Greece, followed later by Portugal and Spain. Greece, incidentally, will give the EEC its own source of cotton supply for the first time.

The ultimate package which the Commission is given to negotiate will of course be determined by the Council of Ministers and here domestic political arguments, including unemployment, are likely to exercise a large measure of influence. In textiles—in sharp contrast with most other fields—Britain can probably rely on support from the French, who are equally opposed to further opening up of their market to low-cost imports, and from the Italians. At the same time the pattern of development in textiles in Germany and Benelux has begun to make restrictions, particularly on clothing imports—the area of greatest concern to Britain—much less attractive to those countries.

In Germany investment has been concentrated on capital-intensive textile processes, aimed at producing sophisticated fabrics efficiently and cheaply. Clothing production has been allowed to decline, with German groups forming strong links instead with overseas makers-up who can use low labour costs to turn German-made fabric into garments for re-importation into the German and other European markets—the system known as outward processing. This means that although the German industry is likely to support the case for a further MFA to restrict direct imports of low cost yarns, fabrics and clothing, it is unlikely to support the British case for all outward processing to be within, rather than in addition to, quotas. The German Government with its strong commitment to free trade may even need to be persuaded that the MFA as it stands at present should be renewed.

There are other factors which will determine the attitude the EEC adopts, including the stance taken by the U.S. If, as seems likely, the Americans decide to seek tight new restraints on imports, the EEC will find it difficult to liberalise its regime for fear of being swamped by goods diverted from the U.S. market.

It is an important contest but one which probably matters more for Britain than for most of the other EEC members, for several reasons. The UK still retains the largest textile industry (in numbers employed) in the Community, despite heavy import penetration, and potentially, therefore, has the most jobs to lose. Britain, too, has been relatively slow to develop its textile trade with the rest of the EEC, while imports from the Continent have been rising rapidly, helped over the past year by the high value of sterling. The UK now imports more yarn and almost as much fabric from developed countries—mainly the EEC—as from low cost producers.

Britain has also been much less adept than the French or Italians, for example, in developing non-quota methods of protecting its textile industry, and has been reluctant to follow the Germans or Dutch in exploiting the possibilities of outward processing. For all these reasons control of low-cost imports, through EEC mechanism assumes a much greater importance in Britain than other Community countries.

UK INDUSTRY DEMANDS FOR THE NEXT MFA

☐ A 10 year period for the next MFA, not four as at present. Possible review after five years.

☐ Much tighter global ceilings setting absolute limits on the level of allowable imports of sensitive products.

☐ A recession clause enabling the average rate of growth in imports (currently 6 per cent per annum) to be varied. Controls to be applied immediately when previously uncontrolled products reach trigger levels.

☐ Tightening of flexibility provision which allows developing countries to switch between quotas and to carry forward unused quotas. Stricter arrangements covering the Mediterranean Associates and the Lomé countries.

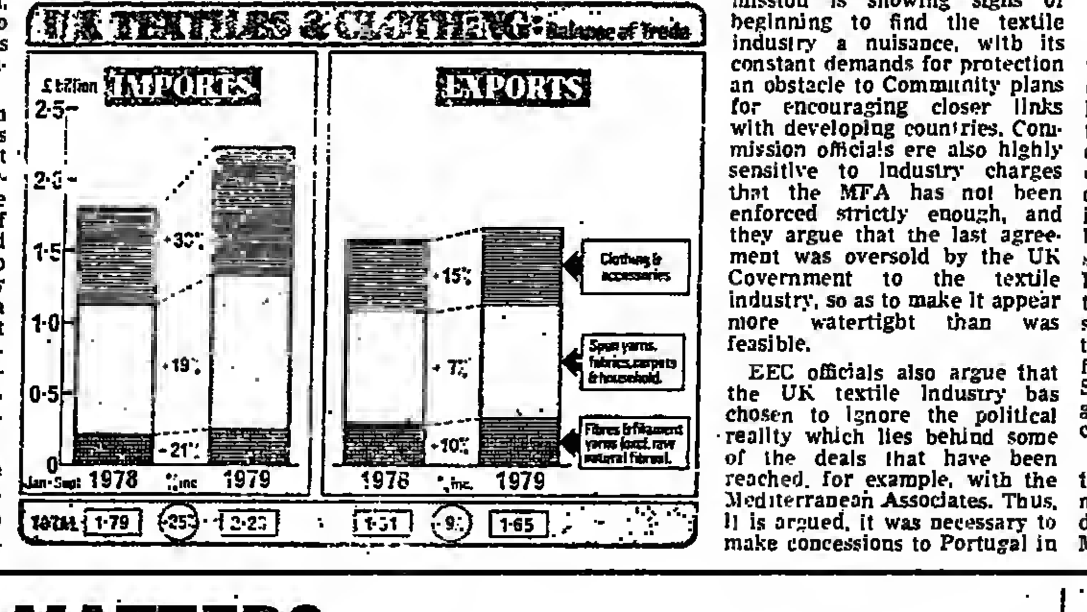
☐ Inclusion of "outward processing"—the export of fabric for conversion into garments and its subsequent re-import—within normal quotas.

☐ A social clause which would insist on the exporting country's compliance with International Labour Organisation minimum standards on working conditions.

☐ An improved price clause to provide protection against political pricing by state trading countries.

SOURCES OF UK IMPORTS, 1978, BY VOLUME

Source	Spun yarns U.S. '000 tons	Woven fabrics U.S. million square metres	Household textiles U.S. '000 tons	Clothing U.S. million items
EEC	28.0	324	2.6	51
Other developed countries	10.5	180	2.5	25
Low cost countries	29.5	559	14.7	290
Total	68.0	1,063	19.8	366



MEN AND MATTERS

Old water-hole revisited

If British Rail does eventually wrest the Channel tunnel project from the competition it will at least have a head start—450 waterlogged metres of hole under the sea below Shakespeare Cliff, Folkestone.

BR sounds a trifle insouciant these days about its hole, which with another tunnel leading to it from the top of the cliff, is an expensive souvenir of the joint British-French scheme cancelled in 1974. Eighteen months later, the specially-built excavating machinery was cut to pieces by an East End scrapdealer who paid £19,700 to take it off everyone's hands.

The company in Gravesend which built and designed the machine—contract price: £1m—now hopes that it will be in the running for any new project for linking Kent with the Continent. But Roy Burgess, managing director of Robert L. Priestley, is unimpressed by the line-up of powerful business interests enthusing, once more, about chunnels. "We had talks with SNCF (French railways) some six months ago, and with consulting engineers on this side. But if I was really asked to guess I'd say it won't happen in the next two years—within the next five to 10 perhaps. If public money is involved I can't see it forthcoming within two years."

Burgess' company put in the modest £1m tender for the excavating equipment because it was anxious, as one of the smallest tunnelling equipment builders in the world, to secure contracts for further machines. He was pleased with the progress of his machine, which managed 10 metres an hour against the specified 6 metres. "The French had an American machine, and never got it under the sea. We w... fairly sure we would get past the half-way mark before they did."

"Personally I think we should pay a bit more and have it coming up in Germany"

Disappointed as he was, Burgess says the tunnel, where he had a maintenance contract for 18 months, proved a useful showroom for his machinery: "It was handy for the office and consequently, I think, we sold one or two machines abroad." Burgess still thinks of the hole as "a marvellous piece of tunnelling." But it seems uncertain whether the next tunnellers, if there are any, will use it. A Kent County Council official who went down it at the weekend tells me: "It's very dirty and wet down there."

BIM's choice

A meeting at the British Institute of Management will today go through the motions of picking a new chairman to replace Leslie Tolley who ends his two-year stint in the autumn. With no apologies for stealing BIM's thunder, I can reveal the new man is to be Trevor Holdsworth, recently-appointed chairman of engineering giant GKN.

His selection is a little surprising: although he was strongly fancied in some quarters, other BIM-watchers suspected his new duties at GKN might be too time-consuming to free him for the task of stumping round the country extolling the virtues of British managers. And he is noticeably more taciturn (what else could you expect from a Yorkshire-born chartered accountant) than the other two front-runners for the post, Sir Ken Corfield of STC and Sir Peter Parker of British Rail.

It seems also that he will have an uphill task putting across the views of managers. Although technically representing a different sector of the executive world from that covered by the Institute of Directors, Holdsworth faces fierce competition from the headline-grabbing tactics adopted by Walter Goldsmith, the abrasive new director-general of the IoD. To right matters, some BIM hands fear, he may start by applying his skills in rationalisation and divestment which have had such an effect at GKN to the establishment at Management House.

Gym fixed it

Sir Anthony Burney, going on 71 and vacating the chairman's seat at Debenhams in the summer, tells me he is gripped by a growing interest in leisure. "Not for myself. Heavens no." he protests. "I would not know what to do with the time. I still go to the gym for 40 minutes every evening and I have as much energy now as I have had for the past 20 years." In that case he should fit in nicely in his new role as chairman at Brent Walker, the energetically expanding leisure group run by former fish porter and boxer, George Walker.

The ambitious Walker, whose business embraces interests ranging from films to shopping centres, admits ingenuously: "I hope he is going to give us the sort of image we have been looking for.

"He will be our guiding light. I was looking for a man who would inspect all our plans and tell us if we were on the right lines." And Sir Anthony is certainly thorough in his inspections. "I asked him to join us three months ago, and he had a damned good look before he said yes," Walker tells me. Sir Anthony visited every Brent Walker establishment, scoured the accounts, met everyone involved, and inspected the current year's budgets. "Now he is coming and that makes me feel fairly confident we are on the right track."

Sultry serial

Still reeling from last year's papal visit, Poland's atheists are having another go at undermining Catholic morality. Possibly tearing a leaf out of an old copy of the Sun, they are serialising the Kama Sutra in the atheist movement's newspaper, *Argumenty*. But suddenly converted atheists are finding the magazine hard to obtain. The 26,000 print run disappeared from the newsagents with unaccustomed alacrity, and the lady who looks after unsold copies in Warsaw and district says she has not seen one since the serialisation began.

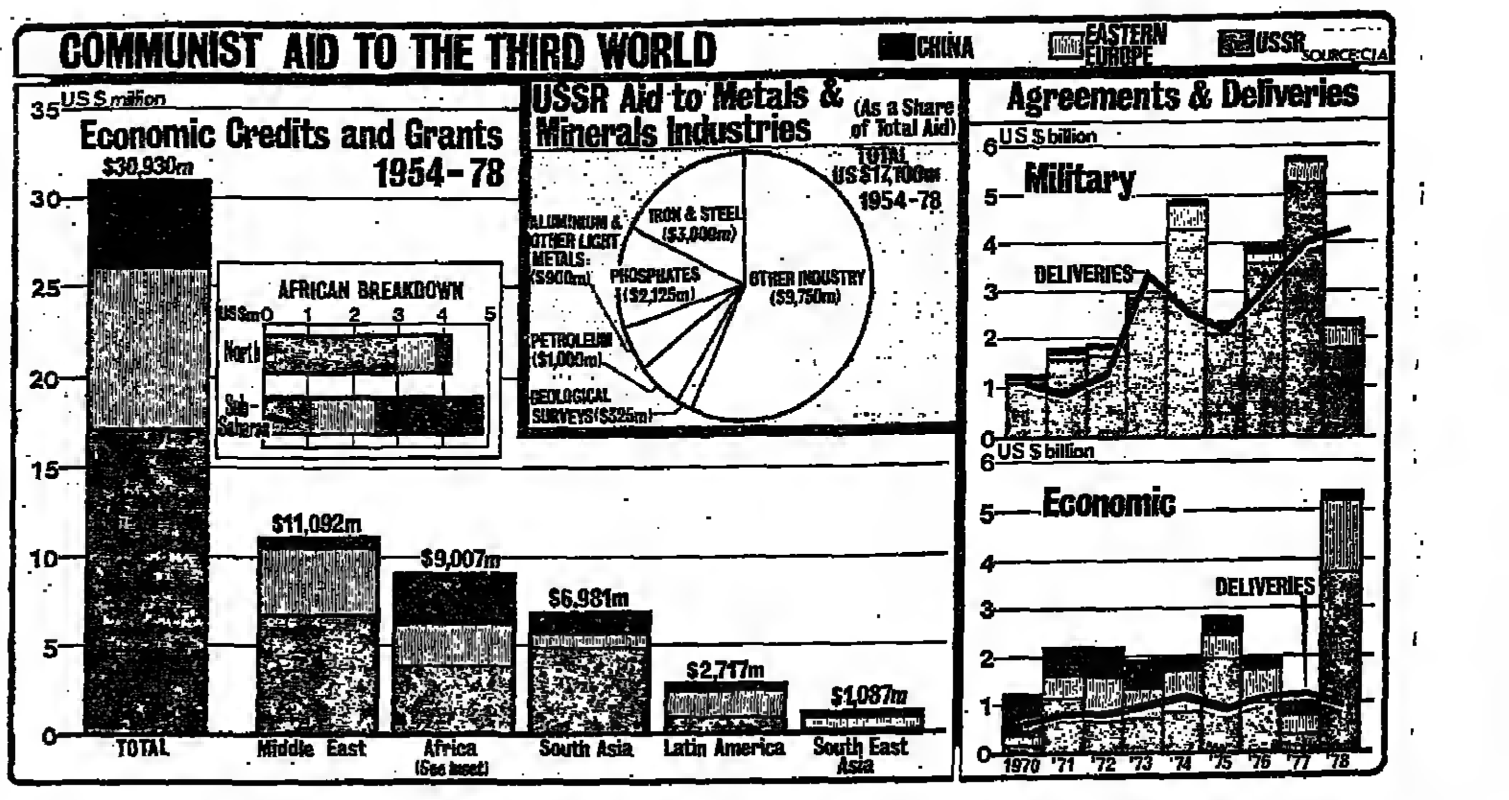
Mound of moaning

Overheard in Brussels: "The distinguishing feature of the EEC is its whine mountain."

Observer

Moscow aid woos the Third World

BY ALAIN CASS



FEAR OF the Soviet Union has clearly played a big part in protecting the Russians from an outcry in the Third World against their invasion into Afghanistan, following, as it did, the increase of Soviet influence in Angola, Ethiopia and South Yemen. Besides, in the eyes of much of the Third World, others besides the Soviet Union occasionally send in troops. "What about the French in Zaire or Tunisia, the Americans in Korea, or the Israelis on the West Bank " one African diplomat asked.

But what is not often appreciated is that Soviet influence in the Third World is also based on economic aid which, in recent years, has reached record proportions.

The unreliability of Soviet figures on aid and trade complicates the task of assessing this performance. Inevitably one has to fall back on data drawn largely from the Central Intelligence Agency, diplomats in the Third World, and agencies such as the World Bank and the International Monetary Fund.

These figures show, perhaps surprisingly, that Soviet aid in 1978—the lateat year for which comprehensively analysed figures are available—for the first time came very close to matching the annual U.S. disbursement of $4bn-$5bn. The figures also show that while arms remain Moscow's biggest single export to the Third World economic agreements and aid in 1978 matched military deliveries. This was unprecedented. The figures for 1979 may, however, show a fall as no major agreements were signed by the Russians.

Soviet arms deliveries to the Third World in 1978 totalled dollars $3.8bn which was $300m more than in the previous year. Military aid agreements signed in 1978 fell sharply to $1.8bn from a record $5.2bn in 1977 and an average of $3bn a year between 1973-77.

At the same time the number of Soviet, East European and Cuban military personnel in the Third World—who must all in the final analysis be added to Moscow's account—leaped by more than 50 per cent for the second year running. Prior to Afghanistan, when the numbers totalled around 50,000 of whom 12,000 were Russian, most of the new deployments were made in the Middle East and north Africa.

Technicians

The Soviet Union pledged $3.7bn of economic aid in the same year. This was 90 per cent more than in 1975, bringing the cumulative total since 1954 to more than $17bn. The number of Soviet, East European and Cuban technicians, who must be seen as part of Moscow's wider sphere of influence, rose to 90,000.

Soviet aid—particularly major investments in mineral extraction, steel and aluminium—appear to be geared to sustaining the huge needs of the soviet economy.

An important component of Soviet trade with the Third World is also designed to fill serious gaps in Russian demand for key raw materials. In the past few years the Russians have ceased exporting a number of strategic minerals and embarked on substantial import programmes.

The Russians themselves, in a rare moment of candour, have acknowledged that over the next 10 years they will need to import 60m-80m tons of oil annually, large amounts of gas, 10m-20m tons of iron ore, substantial quantities of non-ferrous metals and other minerals.

According to Soviet figures nearly 24 per cent of Soviet imports from the Third World now originate in Russian-backed schemes. One Western study estimates that 40 per cent of the raw materials for the aluminium industry—a major target for expension in the 10th five-year plan—is imported—half from the Third World.

Aid tends to fall into three broad categories. Aid to close allies, many of whom have friendship treaties with the Russians, such as Vietnam, Ethiopia, Angola and Cuba; Assistance to and investment in countries which are basically sympathetic to the Soviet Union but profess non-alignment, such as India, Algeria and Syria; and aid to openly pro-Western countries which offer the Russians an attractive economic investment in the short run and the prospects of political return later on.

Soviet aid tenda to be directed to large industrial projects in the public sector—as opposed to food and infrastructural development which the Americans favour.

Very little of it is given on concessionary terms. Soviet terms remain conspicuously hard. But the Russians, as one aid official put it, "do not moralise when they give aid" though the "framework" agreements which they favour exact binding long-term relationships of a commercial nature and can have profound political implications.

The Russians channel their aid almost exclusively through bilateral agreements which tend to be tied firmly to the purchase by the recipient of Russian plant. It often is of inferior quality and highly priced. That and the almost total lack of interest of the Russians in the broader issues of a transfer of resources to poorer countries in the North-South dialogue may eventually undermine their standing in the Third World.

The greatest flow of Soviet aid is directed towards the close allies. Soviet aid to Vietnam is said to be running at an annual rate of over $1bn. Much of it is military aid without which Hanoi could not hope to remain in control of Kampuchea. But it also includes oil, foodstuffs and investments in heavy industry and manufacturing for low-cost, high quantity consumer goods.

Other major Soviet efforts include the purchase of nearly 3.7m tonnes of raw sugar annually from Cuba at prices well above world levels and the supply of oil—at heavily subsidised rates—to Russia's major allies and friends in the Third World, the most notable of which is India.

The revision of the rouble-rupee exchange rate and the virtually unprecedented 45-year deferment of the increased debt repayment by India in 1978 was a vital test of good faith for the Indians and preceded agreements to set targets for economic and technical cooperation for the next 10-15 years. India is now in effect something of an adjunct of the Soviet Union for steel and machine tools, transport and communications equipment and arms production. Perhaps the Russians' crowning achievement in this pivotal country is that many Indian leaders and Mrs. Indira Gandhi in particular are said to trust Moscow more than they do Washington.

The same could be said of another important newly industrialised country, Algeria. Despite the superior attractions of western technology, Russian influence in economic affairs—a picture widely mirrored in the Middle East—remains large.

The number of Communist technicians has risen to 11,750 of whom over 6,000 are Russians. It is the Soviet Union's biggest economic presence in the Third World. Its $715m aid programme in Algeria is largely directed into steel and aluminium production and clearly reflects Soviet economic needs.

But two pro-western countries have dominated Soviet aid pledges recently. The so-called "contract of the century" in which Morocco received $2bn—the biggest credit ever to a Third World country from the Russians—provided for the exploitation and shipment of phosphates destined mostly for the Soviet Union.

Both this agreement—which coincided with Morocco's only big military deal of that year, also with the Soviet Union—and the $1.2bn pledge to Turkey were reached under framework accords. The Turkish agreement provided for a great expansion of a Soviet-built aluminium plant, a major new refinery and a number of power plants.

Breakthrough

The Russians extended $500m in aid to 13 other non-Communist Third World countries in 1978. It included $225m to Pakistan for improving the big Soviet steel plant in Karachi and $40m to North Yemen. There are reports of major Russian arms shipments to North Yemen, traditionally regarded as the pro-western conservative back-door to Saudi Arabia.

An accurate assessment of the burdens which this sort of commitment will eventually impose on the Soviet Union is virtually impossible if only because the Russians are unwilling to talk about the subject in any detail. But many of the major commitments in the industrial sector cannot be cost-effective. The number of Russian technicians required to service them tends to be very high, the start-up costs unusually large, and the quality of the final product frequently mediocre. However, the deficits which the Russians run on non-military aid are largely covered by hard currency earnings on the sale of arms.

Another potential hazard is the effect which supply of heavily subsidised oil to the Third World must have on the Soviet Union's relations with its eastern bloc allies who have to pay world prices for Russian oil.

It is an unanswered, major question whether uneconomic investments and a huge military burden will place intolerable burdens on a highly-centralised economy plagued by industrial inefficiency, failing agriculture, falling oil production and low growth rates.

The Russians could also be faced with another major reverse such as the expulsion of their technicians from Egypt in 1972 which effectively wrote off one of their biggest commitments in the Third World. A Soviet "Iran"—perhaps in Syria or Iraq—cannot be excluded.

Soviet relations with the Third World will undergo a major test as the Americans exert pressure on other countries not to fill the gap left by the U.S. embargo on grain sales to Russia. Thailand, a country conceivably threatened by Soviet support of Vietnamese ambitions, is already involved in a huge row over its discreet sales of cereals to the Russians. Other countries, including even allies of the U.S. such as Japan and the Philippines, could be tempted to follow the Thai example. An emergency conference of non-aligned countries is under active consideration to discuss the invasion of Afghanistan. It remains to be seen whether the Third World will want to get involved in the U.S.-Soviet economic confrontation.

Letters to the Editor

Non-executive directors

From Mr. H. Parker

Sir,—Mr. Drum (February 22) is quite right in stating that all UK company directors—whether or not they bear executive responsibilities—are equal in law. And his concern that legislation might be introduced that could in effect create two classes of directors, with consequent confusion and divisiveness in the boardroom is understandable.

I am less sure of Mr. Drum's reference to "the present high standard set by the law." If be means by this that high standards of performance for company directors are at present set by law, I would have to disagree with him. So far as I have been able to ascertain, the current law on this point is extremely unspecific except in the broadest custodial sense, i.e., in respect of a director's fiduciary responsibilities, his obligation to act honourably and in good faith, his personal liability for the commission of fraud, etc. Some of the practical difficulties in holding company directors legally accountable for their actions were well illustrated in the article by John Makinson (February 26) on the recent case of Prudential Assurance v. Newman Industries.

What the present law does not lay down—and perhaps it never should—are the specific obligations of directors to ensure that their companies are strategically well-directed, well-managed and effectively controlled. Yet it is in this respect that many public company boards still fall short of their implicit obligations to their shareholders and employees, even though they may not be in explicit breach of the Companies Acts. There are however other steps, short of amending these Acts or introducing new legislation, that could improve the effective performance of public company boards, and commendable initiatives to that end are being taken by such bodies as the Institute of Directors, the Institutional Shareholders Committee and others.

One such step, on which a growing number of chairmen are now agreed and which can be implemented immediately without new legislation, is the appointment of more and better qualified non-executive directors. This in my judgment is a trend greatly to be encouraged.

Hugh Parker,
McKinsey and Company,
74, St. James's Street, SW1.

Capital gains

From Mr. S. Penwill

Sir,—The adjustment of capital gains for inflation is not quite so easily done as Mr. Ahern (February 29) would suggest.

In the first place he assumes that the market value of investments at April 5, 1980, must be in excess of that on April 6, 1965 but this is not necessarily so in respect of many holdings.

Neither is the adoption of Doomsday as a tax base common to all holdings nor is it obligatory.

The Acts provide that gains or losses shall be calculated on a time lapse basis taking the cost price of each individual purchase, and that Doomsday values will only apply if the taxpayer exercises an option to adopt that value within the time limit prescribed.

The amount of work to be done will therefore be exactly the same unless the old or a new doomsday value is made obligatory which would be most inequitable in many cases.

It would be more easily done if gains were reduced according to the number of years over which the investment were held, so that, for example gains on disposals after one year would be reduced by 10 per cent, and those after ten years would become exempt.

It would further simplify matters if investment companies qualifying as such under the taxes Acts were exempt and the relief now given to their shareholders withdrawn.

So far the liability of such companies has been reduced from 30 per cent to half statutory income tax rate and then to 10 per cent. Now is the time to eliminate it altogether.

S. W. Penwill.
158, Fenchurch Street, EC3

Quite easily done

From Mr. B. Ridout

Sir,—I agree with the suggestion from Mr. T. Ahern (February 29) that indexation of capital gains would increase the workload of the Inland Revenue. I would suggest that the following amendment might be acceptable to the Chancellor —"A chargeable gain or loss does not occur when an assat is disposed of that has been held for in excess of ten years."

B. J. L. Ridout,
1, Lindsey House, 46, Ilex Way, Goring-by-Sea, Worthing, West Sussex.

Using credit cards

From Mr. K. Lewis

Sir,—Mr. Jackson (February 28) criticised the banks for offering Access for use in Tesco supermarkets on the grounds of inciting inflation and regretted the loss of the days when the bank manager was a reliable consultant for a customer's welfare.

May I please point out that the use of a credit card need not impose inflation, and particularly in this context was offered, no doubt, in the interests of economy and safety. It is the use of cash which adds so much to supermarkets costs both in takings paid in and change given, and economy here is in the customer's interest particularly now that purchases are often in double figures. Moreover, there is the security hazard in moving cash so that nobody should lose sight of the benefits of credit cards rightly used.

Temptation is a moral problem not limited to the use of credit cards.

K. S. Lewis.
"Emmaus," 28, Sunnybank, Morlow, Buckinghamshire.

Sex equality cases

From the Women's Rights Officer, National Council for Civil Liberties

Sir,—The article by A. H. Hermann (February 28) on the sex equality cases currently before the European Court criticised the National Council for Civil Liberties in calling for the Sex Discrimination Act to be amended to protect pregnant women from dismissal. Mr. Hermann considered that "common sense was required" as such women were already protected by the Employment Protection Act.

The essential point of the Turley case was that when Ms Turley was dismissed she had not fulfilled the requisite 26-week qualification period to enable her to bring a claim for unfair dismissal under the Employment Protection Act—under the Sex Discrimination Act no such minimum period of employment is required. The Employment Appeal Tribunal found, in a majority decision, that dismissal on grounds of pregnancy was not an act of sex discrimination because there is no male equivalent of a "woman with child." The NCCL believes that this judgment contradicts the spirit and the letter of the Sex Discrimination Act and accordingly wishes to see that Act amended.

Ann Sedley,
National Council for Civil Liberties,
186, Kings Cross Road, WC1.

Advertising expenditure

From the Chairman, Advertising Association Statistics Working Party

Sir,—On your Marketing Page of February 28 you reproduce a chart, labelled "resilience of advertising expenditure," giving as its source the Advertising Association and showing that "real" advertising expenditure increased from an index of 100 in 1970 to one of 116 in 1978. A straight line, however, is drawn between these two points, and the unwary might suppose that this illustrates the position during the intervening years.

Advertising is, in fact, highly cyclical—even more so than the economy. 1970 was a depressed year (though 1971 was worse), but in the boom year of 1973 this particular index reached 129, then dropping back to barely over 100 in 1975 and 1976 before rising to 116 in 1978—a position it no more than maintained in 1979, and from which it is forecast to slip slightly in 1980.

It could be regarded as somewhat misleading to draw a line from the trough of a cyclical slump to the peak of a cyclical boom and to attach to it the label "resilience." Indeed, cyclical variations apart, the level of advertising expenditure in real terms has remained virtually unchanged since 1963.

(Professor) Harry Henry.
18, Esher Green, Esher, Surrey.

A strong pound

From Mr. E. Wagner.

Sir,—Is it not time we stopped bearing complaints about a strong pound, when it is around $2.30? From 1967 to 1974 with a short period when it rose to $2.60, it remained around the $2.40 area.

Surely it is now recovering to its old level, not a "strong" pound on which one blames the sluggishness of business.

Against the other currencies it has not yet recovered to 75 per cent on the weighted average.

E. M. Wagner.
5, Ferncroft Avenue, NW3.

Building to a human scale

From Mr. W. Wilson

Sir,—Sue Cameron's article (February 28) on poor performance in the construction of large scale projects highlights a problem voiced frequently post-war. If I remember rightly, 20 or more years ago the Isle of Grain site agreement was to be the model for future success—later the appointment of one main contractor under whose umbrella all other contractors would work, was to be the solution. Today we are still baffled — though in fact our quite extraordinary wartime endeavours in construction showed what we could do when we were motivated.

A material point not discussed in the article is the effect of size and complexity and the ability of the human mind—even with the assistance of networks and machine aids—to comprehend all the factors in interplay as works get larger and more advanced. A modern full-scale power station is, in fact, an incredible piece of work little envisaged by the general public. The boilers operate at enormous pressures and considerable temperatures —like 2000 psi, the water fed to them is as nearly pure as makes no matter, the fuel burning apparatus and turbines stretch technology to considerable limits, untold trouble is taken to promote safety and efficiency and control, and the whole complex of sensitive, massive mechanical and electrical equipment is placed on site-built foundations in (usually) unique buildings. And frequently in inclement weather. The end results according to Ms. Cameron are costs exceeding estimates (for eight stations) by £2bn and delays varying between two and eight years. And an efficiency one imagines in which the eventual output of electricity is equal in heat content to somewhat more than a third of the fuel input.

Size in power stations (and elsewhere) is used to promote efficiency and in the general case quoted the penalties of time and money seem substantial counterbalances to the end achieved. Indeed, if the penalties are inevitable—and I think today they are—the solution could be to build much smaller and simpler plants (say one-tenth of the output) where the design, production, erection, and commissioning processes — and those of man management—are inside the compass of well-understood technology, and ordinary sensible people. It is possible — with no loss of efficiency, indeed to the contrary —by building town-based power stations linked with district heating for local premises.

There is probably some law connecting scale, complexity, time and money wholly immutable except in the presence either of extraordinary circumstances or people. If so we perhaps ought to build more frequently in smaller, self-contained parcels, interlinked if the end result must be extensive. At the very least we ought to look at the massive and/or complex with doubting eyes—and one on alternative solutions.

W. L. Wilson.
Oakwood, 34 Chestnut Avenue, Chorleywood, Herts.

Today's Events

GENERAL

UK: Mr. David Howell, Energy Secretary, opens Institute of Petroleum two-day conference on the petroleum geology of the continental shelf of north-west Europe, London.

Sir Monty Finniston speaks at "Are chips fattening?" seminar, Institute of Directors.

Stock Exchange turnover figures published.

Dr. David Owen, Shadow energy spokesman, speaks on energy in the 80s, Henley-on-Thames.

Mr. William Rodgers, Shadow defence spokesman, speaks at Oxford.

Mr. Neil Kinnock, Shadow education spokesman, speaks at Ealing.

Ideal Home Exhibition opens, Earls Court (until March 29).

National Film Finance Corporation annual meeting, London.

Overseas: Mr. Adam Butler, Industry Minister, in Brussels for talks on British steel industry crisis.

EEC Agriculture Ministers meet in Brussels.

Financial Times conference on world motor industry, final day, Geneva.

President Valery Giscard d'Estaing of France in Qatar on tour of Gulf states.

Rhodesian general election results expected.

U.S. presidential election primaries, Massachusetts and Vermont.

PARLIAMENTARY BUSINESS

House of Commons: Motions on Members' secretarial and research allowances. Proceedings on the Highlands and Islands Air Services (Scotland) Bill. Motion on the Prevention of Terrorism (Temporary Provisions) Act 1976 (Continuance) Order.

House of Lords: Representation of the People (Variation of Limits of Candidates' Election Expenses) Order 1980. Criminal Justice (Scotland) Bill, report stage.

OFFICIAL STATISTICS

UK official reserves for February. Capital issues and redemptions (during the month of February).

COMPANY MEETINGS

Alexanders Discount, 1 St. Swithins Lane, EC, 12.

COMPANY RESULTS

Final dividends: Aquis Securities. British Vita. Grindlays Holdings. Provident Financial Group. Rentokil Group. Unilever. Interim dividends: Diploma. Helene of London. Interim figures: Link House Publications.

Fisons growth slows as profits drop to £17.3m

While showing some of the expected recovery in the second half, Fisons announces pre-tax profits of £17.3m for 1979, a drop of 25 per cent on the previous year's £23.1m. First half profits had fallen from £11.47m to £7.34m.

Industrial disruption and bad weather early last year cost an estimated £4m in lost profits while the strength of sterling cut an estimated £3.5m from overseas earnings. Without these setbacks, profits would exceed those earned in 1978, the directors say.

Stated earnings per share are 35.6p against 50.7p but a final dividend of 9.555p (8.337p) lifts the year's total from 14.2257p to 16.45p.

Mr. Ron Bounds, the group's chief executive said that the second half recovery, achieved at a time when sterling was even stronger than in the first half, had generally carried forward into the first quarter of this year, although he so far has seen figures only for January.

Group activity profits totalled £23.9m against £27.8m. The largest contribution came from pharmaceuticals, 8 per cent up on the previous year. Scientific equipment contributed £4.65m (£5.3m), fertilisers, £2.91m (£6.06m), agrochemicals, £2.69m (£3.9m), and horticulture, £1.33m (£1.03m).

The group had its busiest year for acquisitions but is still not ruling out further acquisitions this year, says Mr. Bounds. World-wide borrowings increased by £15m with £11m used to finance acquisitions and this with higher rates of interest put finance charges up by 39 per cent.

Capital spending totalled £18m. This year, with tight monetary controls, the group was likely to adopt a much more conservative attitude and "I suspect capital spending will be lower," says Mr. Bounds.

Agrochemicals and fertilisers increased their sales by 49 per cent and 22 per cent respectively, but found margins squeezed by a combination of competitive sales pricing and rapidly escalating raw material costs.

Horticulture, despite suffering production shortages, increased sales by 19.5 per cent. The demand for peat-based products exceeded supply for most of the year, despite new peat processing facilities at Hatfield coming on stream in September and the addition of peat resources through the acquisition of Howletts in April.

Pharmaceutical sales showed significant volume increases in Europe, including the UK, as well as in several other overseas markets. The acquisition of the Protea group in Australia in September made a marginal contribution to profits in the year.

Scientific equipment suffered from the effects of the engineering strike and the cutback in UK public expenditure in the second half. Two acquisitions, Tosco and Townson and Mercer, were made in Australia late in the year, but neither contributed to profits in 1979.

	Year 1979 £000	1978 £000
External sales	433,023	348,295
Agrochemicals	77,963	52,315
Fertilisers	196,176	161,381
Horticulture	22,324	18,678
Pharmaceuticals	81,333	68,389
Scientfl. equipment	55,227	47,530
Activity profit	23,854	27,842
Agrochemicals	2,685	3,904
Fertilisers	2,905	6,055
Horticulture	1,326	1,032
Pharmaceuticals	12,290	11,548
Scientfl. equipment	4,646	5,303
Financial charges	6,513	4,693
Profit before tax	17,341	23,149
Tax	4,127	4,290
Minority losses	8	*40
Exchange losses	1,155	*608
Extraord. credit	57	†152
Attributable	12,124	19,275

* Profits. † Debit.

Sir George Burton, chairman, said later that although pharmaceutical profits were up, the group and the country were losing by the National Health Service pricing policy.

The group had obtained only one small price increase last year and the situation was equivalent to the Price Commission being abolished in every area but this one. The Health Ministry was both judge and jury being the company's sponsoring Ministry in this area and also the customer.

"The Drugs Bill in the National Health Service is less than the laundry bill," he said. The UK should be more generous in its pricing policy not only because research for new drugs is paid for by existing ones, but also because of the impact on export earnings.

"The price of drugs round the world is determined largely by the price in the UK," he said, commenting that for every £1 worth of drugs sold at home there are on average £15 worth of exports.

See Lex

HIGHLIGHTS

The latest figures from Fisons show the first decline in profits for some years and Lex considers the prospects for 1980. Royal Insurance is the third of the big composite groups to report for 1979 and it has revealed its expected profits setback. However, if the underwriting cycle continues to deteriorate, a better weather experience and higher investment income could hold profits roughly in line with last year. Finally there is a note on the current state of sterling money markets where there is a strong upward pressure on bank base rates. On the inside pages there are comment on Blagden and Noakes, Victor Products and George Ewer.

Bolton Textile setback

A drop of £46,000 to £103,000 in pre-tax profits is reported by Bolton Textile Mill Company for the half-year to October 31, 1979.

Turnover increased from £5.7m to £5.8m. Tax charged was down from £77,000 to £53,000, leaving net profit at £50,000 (£72,000).

In the last full year pre-tax profits were well down at £87,000 (£307,000) from turnover of £11.35m (£12.02m).

EMPIRE PLANTS.

The offers by Caparo Tea for Empire Plantations and Investment have become unconditional as to acceptance and remain open until further notice.

Caparo now owns 91.65 per cent of the voting capital.

George Ewer dividend up

FOR the year ended September 30, 1979, George Ewer and Co, coach operator and motor trade distributor, reports pre-tax profits of £1.56m on turnover of £25.99m. The previous nine months trading period produced pre-tax profits of £1.38m and turnover of £22.02m.

First half profits had risen from a restated £163,000 to £270,000 and the directors were expecting excellent results for the year with a substantially increased dividend payment.

Against the forecast of a final dividend of not less than 1.75p, the directors are now recommending a 1.9p final to make a total of 2.4p against a single 1.5p payment in the previous nine months.

Profits are after interest of £245,000 (£96,000). Tax takes £183,000 (£282,000) giving earnings per 10p share of 7.77p against 8.24p. Extraordinary items amount to £29,000 (£56,000) and £977,000 (£901,000) is retained.

The group's freehold land and building were professionally revalued at September 30, 1979, based on their open market value on an existing use basis with vacant possession and the properties surplus to requirements on an alternative use basis.

The revaluation is £5.579m against book value of £2.747m giving a £2.832m surplus over book and £2.4m more than the previous valuation. Included are the properties surplus to the group's requirements and negotiations are at an advanced stage for their disposal for £1.4m.

The group expects to benefit from the sales proceeds by reducing bank borrowings with commensurate interest savings.

A substantial stake in Ewer is held by Sunderland-based T. Cowie.

● comment

George Ewer's travel division contributed only three months of the loss-making winter half in the previous year but, while it is difficult to make comparisons, the group estimates that trading profits in 1978-79 have advanced by a true rate of just over 40 per cent to £1.8m. Better product availability in the motor trade division (62 per cent of profits) accounts for a good part of the upturn and the group has again been successful in whittling down the traditional winter losses in its travel operations. Vehicle distribution margins, about half as high again as the 3 per cent sector average, are clearly coming under pressure in 1980 but the group is making some mileage from picking up British manufacturers' franchises jettisoned by other dealers and the level of advance travel bookings on the longer tours is currently 10 per cent ahead of last year. At 54½p, the shares are standing at almost exactly the revised book value but a yield of 6.5 per cent and an historic fully taxed p/e of 12.5 are way out of line with the sector average and clearly T. Cowie's presence is making itself felt. If and when the expected move materialises, the level of dividend cover (after the actual tax charge) should be a useful shot in Ewer's locker.

Victor Products at £0.7m despite strike

PRE-TAX profits of Victor Products (Wallsend), manufacturer of industrial and mining equipment, increased from £643,200 to £703,600 in the half year to October 31, 1979 from turnover up from £4.55m to £4.71m.

As predicted in October by Mr. L. R. Mann, the chairman, the half year results have been affected by the engineering strike which, while it lasted, limited output to almost 50 per cent of the expected level.

A number of valuable export opportunities were lost as a result, and cannot be recovered. Home business, although delayed, was not significantly affected in the longer term.

The interim dividend is 1.5p (0.743p) and reflects the policy referred to in the last annual report of increasing dividends broadly in line with profits and should be related to the total dividend of 3.743p paid in that year from pre-tax profits of £1.6m.

Looking ahead, Mr. Mann says UK turnover in the second half will be reasonably in line with plan. Export business presents a slightly less optimistic position where strong sterling, worldwide trade slackness and the damaged reputation of this country's ability to deliver on time, lead to the expectation of a slight shortfall against budget.

He says however, that the full year is expected to show some growth, but the year will mainly be one of consolidation.

Appropriate acquisition of one or more companies in a related field will be considered, provided, of course, that profitable opportunities can be identified.

During the first six months tax absorbed £175,900 against £160,000, and with dividends accounting for £152,923 (£56,810), profit retained was down from £425,590 to £374,777.

Stated earnings per 25p share are up from 6.31p to 6.4p.

● comment

In such a tight market, it does not take very much to lift the Victor Products (Wallsend) share price but the group can take a measure of satisfaction from lifting profits by almost a 10th in a very difficult first half. True, export opportunities have been lost but this part of the business accounted for only 15 per cent of turnover in the last full year and the level of ordering from the NCB is of far greater significance. After delays, UK orders are expected to reach target this year and a case can be made for believing that earlier outside forecasts of around £1.9m pre-tax are still attainable. The interim dividend lift has probably also helped the shares and, even if the final is merely held, the total distribution will have been raised by a fifth. That, in the engineering sector, is good going and underlines the resilience of the mining equipment market. But the price at 164p, up 14p, is beginning to look for a bid on a prospective p/e of 14.25 and a yield of just 4 per cent (assuming a same again final). Since the board and, more importantly, the group pension fund hold over 30 per cent of the equity any bid will have to be rather large and fairly friendly.

MP asks for probe into Wardle share dealings

The Government is considering whether to probe share dealings in Bernard Wardle in the few days leading up to the bid made by financier Mr. Graham Ferguson Lacey at the end of January.

This follows a parliamentary question put by Mr. Dafydd Wigley, member for Caernarvon, where the vinyl fabrics group has a factory which it intends to close.

Mr. Wigley asked if the Government would "undertake as a matter of urgency" an investigation under the Companies Act into dealings in Wardle, especially between January 25 and January 31.

"I am considering whether an investigation is warranted," replied Mr. Reginald Eyre, Under-Secretary of State for Trade. Mr. Wigley has also written to the Stock Exchange asking it to launch an investigation.

Mr. Ferguson Lacey plans to make his 33p a share cash bid for Wardle through a newly formed company, Ferguson Investments. This means he will not have to disclose full financial details of his main concern, Birmingham and Midland Counties Trust.

Mr. Wigley is prepared to make available more information on the dealings, an offer which the Stock Exchange intends to take up in deciding whether or not an investigation by its own officials is justified.

SPAIN

February 29	Price %	+ or −
Banco Bilbao	227	+4
Banco Central	256	+4
Banco Exterior	213	
Banco Hispano	226	+5
Banco Ind. Cat.	135	
Banco Madrid	158	−2
Banco Santander	270	+3
Banco Urquijo	175	+5
Banco Vizcaya	238	+4
Banco Zaragoza	207	+2
Dragados	102	+1
Espanola Zinc	60	−2
Fecsa	57	
Gal. Preciados	34	
Hidrola	63.5	+0.3
Iberduero	60.5	−0.3
Petroleos	111.2	+0.2
Petroliber	65	
Sogefisa	115	
Telefonica	55.5	−0.2
Union Elect.	62.7	+0.5

Pessimistic outlook at Ben Williams

CONDITIONS WHICH led to a reduction in first-half profits of Ben Williams and Co. from £28,690 to £19,701 have continued since the end of the period and currently the directors see no likelihood of improvement.

The wholesale clothing manufacturer's profits in the first six months were hit by reduced trading margins and the effect of higher interest rates on increased working capital requirements.

On January 17, the group held secured bank borrowings of £321,863, but no unsecured borrowings—secured bank borrowings comprised the company's total indebtedness.

Taking into account the company's bank facilities, the directors say that the group has sufficient working capital for its purpose.

The directors say the proceeds of the company's Bow Road premises, reported on January 18, will be used to reduce secured bank borrowings.

In addition to its beneficial effect on the company's liquidity, the disposal of the premises will enable it to concentrate activities on two sites instead of three. This will reduce overhead costs and increase efficiency.

BRITISH TAR PRODUCTS

As a result of conversions of loan stock, the National Coal Board Pension Funds now hold 1.23m Ordinary shares (7½ per cent of the enlarged capital) of British Tar Products.

The Pension Funds have converted their £350,000 10¾ per cent third convertible unsecured loan stock 1992 into 1,129,032 Ordinary shares.

Royal hit by heavy U.S. underwriting losses

SEVERE underwriting losses on its North American business were the main factors in a decline of 14 per cent last year in the pre-tax profits of Royal Insurance Company from £153m to £132m.

There was a complete turnround in underwriting results last year in most of the operating territories of Royal. In the U.S., there was a loss of £8.2m against a profit of £10.5m in 1978, while in Canada the loss was £14.9m (£2.4m profit). The underwriting profit in the UK was halved from £11.9m to £5.6m, so that overall worldwide underwriting in 1979 produced a loss of £16.4m against a profit of £25.4m in the previous year.

A 10.4 per cent advance in investment income from £120.7m to £133.3m, plus significant improvements in long-term profits and associates' profits, could only partially offset the poor underwriting experience in determining the pre-tax profits. A lower tax charge, together with a once-off payment from its long-term business of £7.1m net of tax, cushioned the drop in net profit for the year, the fall being 7.8 per cent from £88.2m to £81.3m.

The company experienced only minimal growth in sterling terms in its worldwide general insurance premiums from £1.22bn to £1.225bn. But removing the effect of exchange rates, the underlying premium growth was 7 per cent. On the same basis investment income would have improved by 18.6 per cent, and overall exchange rates movements depressed pre-tax profits by £6.8m.

The results for the U.S. were severely affected by adverse weather conditions, hurricanes David and Frederick cost the company £5.7m. Commercial multiperil lines were profitable, but other property business incurred losses from the weather. There were also losses in automobile and workers compensation with a profit in general liability. Despite a good final quarter, the operating ratio in 1979 was 100.8 (96.3).

In Canada, experience declined throughout the year, with the whole of the loss being accounted for by automobile and householders business. These were hit by sharp rises in the number of claims.

The UK was hit by severe winter weather conditions at the beginning and end of the year. Total weather losses were in excess of £16m, including £3m paid out in December on flood and storm damage. There was a further loss on private motor business despite the company raising its premiums twice in 1979. Although all major commercial classes were profitable, there was a marked deterioration in the commercial fire account, arising from a rise in the number of major fires. Total commercial fires claims cost the company £35m in 1978.

Trading conditions remained difficult in Australia and exceptional weather conditions in the final quarter helped increase underwriting losses to £4m from £300,000. However, the company had a successful year in the Netherlands, producing a profit of £5.1m against a loss of £600,000. The company had the benefit of a good rate increase in motor premiums at the beginning of the year.

On the results for the rest of the world, a deteriorating result in the rest of Europe produced an underwriting loss of £2.8m against a small profit in 1978, which offset profits elsewhere.

The company has moved from a three-year to an annual basis for valuation of its life and other long-term business. This has produced a once-for-all profit for shareholders relating to the final instalment of the previous three periods 1975-77 and the 1978 element of the current two-year valuation.

Earnings per 25p share for the year fell from 58.7p to 54.1p, but the dividend total is raised by 14.5 per cent to 21.5p (18.772p) net, with a final payment of 13.25p.

See Lex

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Beradin Rubber ......int.	1.8	March 31	1.5	—	3
Blagden and Noakes 2nd int.	4.7	April 2	4.2*	7.7	6.7*
George Ewer	1.8	May 6	1.5‡	2.4	1.5‡
Fisons	9.56	July 1	8.34	16.45	14.23
Inv. Tst. of Guernsey	6.5§	May 1	5.25	10	8.25
Isle of Man Enterprises	3.5	May 26	3	3.5	3
Royal Insurance	13.25	May 23	11.5	21.5	18.77
Victor Products ......int.	1.5	April 7	0.74	—	3.74

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ For nine months. § Gross throughout.

Drake & Scull in best financial position for ten years

FOR the first time in 10 years, Drake and Scull Holdings, electrical, mechanical and construction engineer, is in a strong cash position, states Mr. Michael Abbott, the chairman in his annual statement.

He says the group's net current assets at October 31, 1979 stood at £578,000 compared with net current liabilities of £1.4m in the previous year. Cash balances, including mobilisation payments for new contracts, amounted to £3.24m at the year end against £1.39m.

A pro-forma balance sheet shows that fixed assets would be reduced to £2.3m (£2.5m audited at October 31, 1979), and net current assets would be £1.25m after the sale of the company's interest in the Greyfriars Centre, Ipswich.

Mr. Abbott says that trading for the current year is running at a satisfactory level with a strong domestic base. Although he does not consider it prudent to make a forecast, he points out that there are good indications that, subject to unforeseen circumstances, the group's profitability will continue in a steady and planned manner.

As reported on February 20, 1980, pre-tax profit for the year to October 31, 1979 improved from £2.53m to £2.63m from turnover up from £39.5m to £65.84m.

The record results were achieved despite the national engineering strike which cost the group about £300,000 in lost profits. After tax of £1.15m (£0.86m), minorities and extraordinary credits of £0.29m (£0.4m debits) attributable surplus increase by 41 per cent to £1.73m.

The company reports an all-time record order book amounting to £158m for the engineering division, and despite a modest level of building activity in the UK, all regions have substantially improved order books at acceptable margins.

Several new overseas contracts have been obtained, the most important of which is the Saudi Arabian National Guard project in collaboration with Cable and Wireless and Taylor Woodrow International.

Sir Monty Finniston, a distinguished engineering industrialist, has joined the Board as deputy chairman.

Meeting, The Churchill, Portman Square, W, March 26, noon.

Isle of Man Enterprises advances

Taxable profits of Isle of Man Enterprises advanced from £82,435 to a record £100,269 for the year ended October 31, 1979, on turnover of £231,771 against £202,056.

Yearly earnings per 20p share are stated up from 6.02p to 7.34p and the dividend total is increased by 0.5p to 3.5p net.

Tax took £11,348 against £9,456 and net profits were ahead from £72,980 to £88,921.

هكذا من الأصل

UK COMPANY NEWS

Blagden and Noakes 14% higher at record £5.65m

THE FIRST-HALF improvement at Blagden and Noakes (Holdings) has been maintained in the second six months and 1979 pre-tax profits were 14 per cent higher at a record £5.65m, compared with £4.95m. The second half has produced £2.84m, against £2.45m.

Turnover for the year increased from £54.52m to £61.25m and trading profits moved ahead to £5.84m (£5.07m). Net interest charges rose from £156,000 to £258,000.

A divisional breakdown of turnover and trading profits shows (in £000s): manufactured and reconditioned drums and casks £32,310 (£30,746) and £3,067 (£3,375), plastics mouldings, platings and transformers £12,390 (£9,665) and £1,688 (£1,403), chemicals £13,684 (£11,491) and £613 (£103 loss), and industrial protective and electrical equipment £2,871 (£2,621) and £474 (£391) respectively.

Some downturn was suffered in the container and plastics divisions during the latter part of the year, partly due to the engineering dispute. Buoyant trading conditions continued for other divisions and the chemical side recovered to a break-even situation.

The company has recently placed an order for a new formaldehyde plant using modern techniques and when this becomes operational in the middle of next year it is expected to be highly profitable.

With SSAP 15 adopted, stated earnings per 25p share rose from an adjusted 17.1p to 26.4p. A second interim dividend of 4.7p net lifts the total to 7.7p (equivalent 6.7p).

	1979 £000	1978 £000
Turnover	61,266	54,523
Trading profit	5,842	5,066
Interest paid†	258	156
Share of assoc's profit	69	43
Profit before tax	5,653	4,953
Taxation	1,366	1,798
Net profit	4,287	3,155
To minorities	1,481	1,332
Attributable	2,806	1,823
Dividends	820	714

† Less interest received and investment income.

● comment

The transport and engineering strike wiped well over £½m off Blagden and Noakes profits but nevertheless the company closed its books on a 14 per cent rise. This year might prove harder going. There is an inbuilt recovery from these two strikes but the steel dispute has some feed back for the company and the outlook for the chemical industry is far from exciting. A flatness in the chemical sector will have repercussions both for the drum market and Blagden's own chemical operation. Last year chemical manufacturing fought its way back to break-even while chemical distribution and trading produced the profits. Blagden might find it tough work in 1980 but the new formaldehyde plant could be a winner in 1981. Of the other operations plastic mouldings should benefit from a progressive increase in Ford parts as against Leyland and industrial protective equipment seems to roll along nicely without any dramatic interruptions. Overall the gain, if any, will be modest this year but the shares at 122p are hardly demanding even if profits slip. The yield of 9.2 per cent and p/e of 4.5 on stated earnings can withstand a bit of pressure.

Nottingham Manfg. sales rise

Sales so far at the Nottingham Manufacturing Co. are ahead of last year, Mr. H. A. S. Djanogly, chairman, tells shareholders, in his annual review.

But he feels, because of the general economic situation, it would be irresponsible to hazard a forecast as to the outcome of 1980.

The group, he says, has a sound financial base and is in a position to take full advantage of such trading opportunities as may arise: "this will produce, I hope, a year of further progress."

As reported on February 19, taxable profits for year ended December 31, 1979, advanced from £15.41m to £16.84m from sales of £163.4m (£146.2m). The dividend is effectively stepped up to 3.75p (2.7167p) per share.

Mr. Djanogly states that competition, both domestic and from imports, was intense during the year, and in spite of progress in containing costs and increasing efficiency, the group suffered a small reduction in overall profit margins.

Control of costs and improvements in productivity, "remain of vital importance to the long term development of our business and much attention is devoted to these activities," he says.

While concentration remained on the organic development of the business, the directors considered a number of potential acquisitions during the year, the chairman states. Although none proved adequate, the directors will continue to seek suitable acquisitions, the chairman says.

Balance sheet shows group fixed assets at £27.57m (£23.61m), net current assets up from £40.23m to £48.19m, and total assets of £76.85m (£63.83m).

There was a £7.54m (£4.26m) increase in cash and investments.

Meeting, Mansfield, on March 27 at 10.30 am.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: Ayer Hitam Tin Dredging Malaysia, Diploma, Helene of London.

Finals: Aquis Securities, British Vita, Grindlays Holdings, Provident Financial, Rentokil, Unilever, Unilever NV.

FUTURE DATES

Interims—

Bracken Mines	Mar. 14
Capseals	Mar. 20
Cope Allman International	Mar. 20
Jarvis (J.)	Mar. 10
Kinross Mines	Mar. 14
Leslie Gold Mines	Mar. 14
Meynards	Mar. 12
St. Helena Gold Mines	Mar. 14
Second City Properties	Mar. 20
Stocklake	Mar. 6
Stocks (Joseph)	Mar. 10
Winkelhaak Mines	Mar. 14

Finals—

BSR	Mar. 12
Concord Rotaflex	Mar. 7
Corah	Mar. 5
Oliver (George) (Footwear)	Mar. 7

United Glass warns of cutback in workforce after poor year

REDUNDANCIES ARE to be announced this year at United Glass, one of the UK's major glass manufacturers which employ about 10,580 people. Discussions are still taking place at local level, Mr. John Small, group managing director, stated when presenting the annual report yesterday.

The group had a difficult year in 1979 and, as reported on February 18, 1980, there was a drop in pre-tax profits from £15.05m to £10.92m from turnover up from £149.7m to £164.42m in the year to December 1.

Capital expenditure would rise slightly to about £14m this year, says Mr. Small, and there would be an upgrading of glass furnaces. During the last financial year the capital expenditure programme included the major reconstruction of a large glass container furnace, as well as the rebuilding of several others.

Commenting on the balance sheet, Mr. Small says that with financing costs rising sharply, the group increased its bank overdrafts and short-term loans from £1.75m to £11.94m. Apart from the need for additional funds imposed by inflation, the main reasons for the higher borrowings were a sustained high level of capital investment and a further increase in stock holdings.

UK demand for glass containers during the year reduced sales of U. G. Glass Containers. The rising rate of inflation and deteriorating business confidence led to lower stockbuilding by customers in this section, and a generally poor summer restrained demand for beer and soft drinks.

The company did not achieve the planned growth in sales, but held or improved its position in major market areas. In support of its commitment to customer service, work has started on the construction of a new warehouse and when completed next year, will serve customers in the West of Scotland.

The company supported the Glass Manufacturers' Federation in extending the use of bottle banks for collecting waste glass, and a start was made on the construction in Scotland of the first mechanical plant for processing cullet.

Most sectors of the U. G. Closures and Plastics market showed relatively little growth. There was, however, generally strong demand for aluminium closures in both the spirits and beverage fields. A major new warehouse facility at the Norwich factory was opened in December.

The Ravenhead Company suffered a major setback as a result of the hauliers strike and deliveries were restricted to about one-quarter of the expected level. It was impossible to recoup this lost business and results from this sector were very disappointing. Forward planning will continue to place emphasis on new product development to meet competition.

Mould order intake at Johnson Radley was at a high level for most of the year and the machine shops were well loaded with work. An important development during the year was the acquisition of Werneth Mould Engineering.

Group net current assets amounted to £36.22m against £34.12m.

United Glass is jointly owned by Distillers and Owens-Illinois Incorporated.

Refuge bonus rates up

Substantial increases in its bonus rates for with-profits business in the ordinary branch have been declared by the Refuge Assurance Company. For assurances, the reversionary bonus rate for 1979 is lifted by 20p to £5 per cent of the sum assured from 54.80 per cent in 1978.

In addition the terminal bonus rate payable on death or maturity claim from April 1, 1980, is lifted from £2 per cent to £2.50 per cent of the sum assured for each calendar year in force except the first five. There is a further bonus of 50p per cent, unchanged from last time, for each year in force except the first 10 years.

On deferred annuities, including self-employed pension contracts, the reversionary bonus rate is improved by 40p from £5.60 to £6 per cent of the basic benefit. But the company has changed its terminal bonus payment to a straight £3 per cent of the basic benefit for each year in force except the first five years.

Previously, the rate was £2 per cent for each year except the first five and £2 per cent for each year except the first 10 years.

Kenning Motor sees bad year

THE DOWNWARD trend in profits which began in the September quarter of last year has continued into the current year at Kenning Motor Group with a sharp profits fall in the first quarter. And Mr. G. Kenning, the chairman, says he cannot see that the year's results will be anything other than bad.

Costs increases combined with the sluggish economy are taking their toll, the chairman states in his annual report, although efforts are being made to overcome the problems.

He looks forward to an improvement in 1980-81.

For the year ended September 30, 1979, pre-tax profits were £8.45m (£8.27m), on turnover up from £215.06m to £235.65m.

Wagon-Finance back to medium-term borrowing

THE DIRECTORS of Wagon Finance Corporation have recently completed arrangements with bankers not only to increase facilities but also convert the bulk of them into medium-term of between two and five years, Mr. S. M. de Bartolome, chairman, says in his annual report.

The group is now well-equipped to finance any expansion likely to occur in the business in the next two or three years, the chairman adds.

The group's balance sheet at December 31 last year showed bank loans and overdrafts of £39.56m (£31.36m) with £34.06m (£6.86m) repayable in one year or less or on demand. Of the balance £5.5m (£19m) was repayable between one and two years and £5.5m in the previous year was between two and five years.

Looking at 1980, the chairman says that even when interest rates fall, there will be still rising overheads costs and the Board also expects that arrears will rise if unemployment increases—this will inevitably mean an increase in future provisions for bad and doubtful debts.

Nevertheless, the group started the year with a record carry forward of unearned finance charges, says Mr. de Bartolome.

In 1979, the group reported pre-tax profits of £2.05m against £2.71m after interest on borrowings of £5.66m (£3.07m). Instalment credit balances were a record £60.01m (£49.5m) before unearned finance charges of £10.62m (£8.16m).

The chairman says that if inflation accounting was adopted, the gearing adjustment would reduce profits by £1.52m. However, the group will be adding only £408,002 to reserves out of 1979 profits mainly because tax is still based on historical accounts.

Meeting, Sheffield, March 28 at noon.

EUROPEAN OPTIONS EXCHANGE

Series		April Vol.	April Last	July Vol.	July Last	Oct. Vol.	Oct. Last	Stock
ABN C	F.300	5	0.90	5	2.50	3	5.50	F.274.50
ABN C	F.320	2	0.30	—	—	—	—	
AKZ C	F.22.50	3	2.40	—	—	—	—	F.24.50
AKZ C	F.25	39	1	22	1.50	16	1.90	"
AKZ C	F.27.50	15	0.30	—	—	2	1.30	"
AKZ C	F.30	5	0.10	—	—	—	—	"
AKZ P	F.25	16	1.30	—	—	15	2.10	"
AKZ P	F.27.50	—	—	14	3.90	—	—	"
HEI C	F.75	5	1	—	—	—	—	F.66.10
HEI P	F.65	—	—	2	4.50	—	—	"
HEI P	F.70	—	—	5	6.50	—	—	"
HO C	F.20	—	—	4	2.40	—	—	F.20.60
IBM C	$65	5	2 5/8	—	—	2	7 1/2	$65 3/8
IBM C	$70	6	1 1/8	—	—	—	—	"
IBM C	$75	—	—	—	—	2	3 1/2	"
KLM C	F.60	3	11	—	—	—	—	F.69.50
KLM C	F.70	3	3.90	1	6.80	—	—	"
KLM C	F.80	30	0.70	—	—	—	—	"
KLM P	F.60	20	0.80	10	2.50	—	—	"
KLM P	F.70	30	4.40	2	6	—	—	"
KLM P	F.80	5	9.50	5	11.50	—	—	"
NN C	F.110	—	—	2	5.80	—	—	F.111.80
NN C	F.115	20	1.20	—	—	—	—	"
NN C	F.125	2	0.20	—	—	—	—	"
PET C	Fr.5000	12	170	1	280	—	—	Fr.5800
PET C	Fr.5500	14	30	—	—	1	2.40	
PHI C	F.17.50	—	—	—	—	29	2.60	F.16.70
PHI C	F.20	—	—	20	1	22	1.40	"
PHI C	F.22.50	—	—	37	0.40	—	—	"
PHI C	F.25	—	—	10	0.10	—	—	"
PHI P	F.17.50	30	0.40	—	—	—	—	"
PHI P	F.20	—	—	—	—	20	1.60	"
PRD C	$25	—	—	12	1 5/8	—	—	$21
RD C	F.150	52	21	10	21.70	—	—	F159.50
RD C	F.160	204	13.60	184	14.40	—	—	"
RD C	F.170	235	6.80	228	8.50	11	10.40	"
RD P	F.150	23	0.60	—	—	—	—	"
RD P	F.160	65	2.90	20	6	—	—	"
RD P	F.170	34	6	20	9.50	—	—	"
T C	$55	—	—	—	—	3	1 1/2	$48 3/4
UNI C	F.110	—	—	3	8.30	—	—	F112
UNI C	F.115	15	3.50	10	5	—	—	"
UNI C	F.120	12	2	1	3.20	—	—	"
UNI P	F.125	1	0.50	1	1.50	—	—	"
XRX C	$70	—	—	—	—	1	4	$60 1/4
		May		Aug.		Nov.		
BMW C	DM.180	—	—	1	15	—	—	DM129.40
SLB C	$120	2	5 1/4	1	9 1/4	—	—	$111 3/4

TOTAL VOLUME IN CONTRACTS 1660

C=Call P=Put

Bestobell Australia lifts profits and dividend

AFTER-TAX profits of Bestobell Australia, part of the Bestobell Group, rose by 16 per cent to a record A$1.59m for 1979, on sales ahead 12 per cent to $41.25m.

Earnings per share moved up from 35.7 cents to 41.4 cents, while a final dividend of 10 cents raises the total for the year to 19 (17) cents. A one-for-four scrip issue is also proposed.

All divisions contributed to the results, with rubber and plastics and engineering merchanting performing particularly well. Bestobell New Zealand had an excellent year although the results of one of its subsidiaries, Speedline, acquired late in 1977, are still not up to expectations.

The company has entered 1980 with record order books and is already receiving significant enquiries for equipment for the Australian mineral developments commencing construction this year.

The directors believe this year offers potential for profitable growth provided there is no significant decline in world economies.

At the end of 1979, Bestobell Australia implemented an earlier agreed plan by acquiring for cash from the UK parent its subsidiaries operating in South-East Asia. Although the assets and liabilities are consolidated, no profits have been brought to account in the company's books.

The directors say this acquisition offers the company a chance to develop additional profitable activities, and gives scope for the sale of specialised engineering products, which are manufactured in Australia and New Zealand and distributed in the rapidly developing Pacific Area.

Inv. Trust of Guernsey

After-tax revenue of the Investment Trust of Guernsey increased from £347,537 to £453,823 for 1979.

The total dividend is stepped up to 10p (8.25p) gross, with a final of 6.5p. The directors propose that holders may elect to receive ordinary shares in lieu of the dividend.

Net asset value at February 25, 1980 is shown at 223p (206p at June 30, 1979).

Milford Docks confirms rights

THE BOARD of Milford Docks Company has reaffirmed its plans to have a rights issue but says that it will have to seek shareholders' approval to create the additional capital.

The approval will be sought at the company's next annual general meeting, and the exact timing of the issue will depend on prevailing market conditions.

In a letter to shareholders, Mr. C. A. V. Smith, the chairman, outlines his general plans for Milford Docks but goes into very little actual detail.

The proceeds of the rights issue are intended, in principle, to be used by the company to improve the existing docks services and facilities in a manner which it is hoped will sustain the company's revenue expectations. It should also enable the docks to increase the general cargo traffic without interfering with fishing activities. Full details will, of course, be sent to all shareholders.

The company plans to launch a Parliamentary Bill which should be on the Statute Book by mid-1981. According to Mr. Smith, part of the Bill involves a constructional scheme which given the right circumstances, could maximise the long-term potential for the company's development and consequent prospects.

DANAE INVESTMENT

Holders of Danae Investment Trust warrant certificates with subscription rights will be able to exercise their right to subscription, either in whole or in part, in respect of any certificates held on March 31, 1980 at 65p per unit.

Radio Orwell to start dividends

As a result of progress made in 1978-79 and prospects for the current year, Radio Orwell is in a position to pay its first dividend on the ordinary. There will be a 5p interim in July, and the directors expect to be able to pay a final when the results are more certain.

In the year ended September 30, 1979, turnover rose from £511,698 to £629,651, but the profit before tax showed a slight decline at £38,701, against £40,974. However, the company has written off the original share issue expenses of £10,286. Tax takes £8,000 (£900) to leave net earnings at 20.54p (23.35p).

The accumulation of preference dividend to date of £16,057 has been paid. The deficit on profit and loss account has been halved to £16,416.

The start to the current year has been strong and there is a prospect of higher earnings per share for 1979-80, the directors state.

MINING NEWS

Rio Algom earns more in difficult year

BY KENNETH MARSTON, MINING EDITOR

UNLIKE most other Canadian natural resource companies, the Rio Tinto-Zinc group's Rio Algom has not enjoyed buoyant conditions in 1979, but it has still managed to raise earnings. At C$75.61m (£29.06m), or C$5.57 per share, they compare with C$61.82m in 1978.

Although the 68.1 per cent-owned copper and molybdenum-producing Lornex boosted its 1979 net profits to C$57.6m from C$14.4m, Rio Algom's share suffered a large deduction for minority interests and there was a big increase in taxes. Prior to these charges, Rio Algom's income for the past year amounted to C$178.7m against C$105.1m.

Rio Algom's income from steel manufacturing and distributing operations declined because of a strike at the Tracy plant of Atlas Steels which lasted from March 21 until early this year.

It will also be recalled that America's Tennessee Valley Authority last year withheld a payment due to Rio Algom of US$22.7m under a uranium supply contract which is in dispute.

Apart from this, Rio Algom is set to have a better year. Lornex is still going strong against a background of higher copper prices and the full effects of last July's more favourable molybdenum sales agreement. The ending of the Tracy strike should result in better steel earnings, while first income should flow from the Panel uranium mine.

The current year will also bring the benefits of the recently completed merger with Preston Mines which reports a net profit for 1979 of C$32.82m compared with C$26.75m in 1978. As already announced, Rio Algom has declared a total dividend for 1979 of 180 cents against 129 cents.

ROUND-UP

AUSTRALIA'S Meekatharra Minerals is to launch an A$250,000 (£120,600) coal exploration programme on licences held in the Arckaringa basin of South Australia. Three crews are being put into the field for three months to determine the extent of what are believed to be big deposits of steaming coal to the north of Coober Pedy.

* * *

A large mineral bed containing deposits of silver, copper, zinc sulphur as well as quantities of gold has been discovered in the west of the Chinese province of Sichuan, New China News Agency said yesterday. But few details were given. The Agency said the geological conditions were unusual.

* * *

Placer Development of Vancouver, part of the Noranda Mines group, is asking shareholders to approve a three-for-one share split. At present 12.14m shares are in issue.

* * *

Teck Corporation, the Vancouver group 81 per cent owned by Copperfields Mining and 19 per cent owned by Metallgesellschaft of West Germany, will double the amount of its issued shares when it has a scrip issue of one class B share for each class A and each class B share outstanding.

Finsider takes 7.5 per cent of Oaky Creek

THE PROPOSED A$200m (£96.4m) Oaky Creek coking coal project in Queensland has moved a step closer to fruition with the disclosure that the Italian steel and cement group, Finsider, has guaranteed sales contracts and will take up a 7.5 per cent equity, reports James Forth from Sydney.

Finsider has agreed to buy 700,000 tonnes of coking coal a year for at least eight years. At present prices this values the contract at more than A$250m.

The Italian group is the second European steel producer to take a stake in the Oaky Creek venture in recent months. The Dutch group, Hoogovens, has obtained 10 per cent equity and agreed to take 500,000 tonnes of coal a year for at least eight years.

This puts the venture more than halfway to its initial planned annual capacity of 2.25m tonnes of coal.

The other partners in the venture are Houston Oil and Minerals of the U.S., which will have 42.5 per cent with the entry of Finsider, and the Queensland base metals group, MIM Holdings, in which Asarco of the U.S. has a major shareholding.

Oaky Creek is located about 200 km west of Rockhampton and is estimated to contain 250m tonnes of coking coal.

BH South returns to profit

BH SOUTH, the Melbourne mining and investment house now 80 per cent owned by Western Mining Corporation, returned to profits in the December half year and will reconsider the opening of its Duchess phosphate operation in Queensland, reports James Forth from Sydney.

The phosphate venture sustained losses in recent years, which left the group vulnerable to takeover.

Higher metal prices and an improved performance from Electrolytic Refining and Smelting, the copper refining subsidiary, allied to increased investment income, allowed BH South to return a net profit for the six months to December of A$2.1m (£1m) compared with a loss of A$2.7m in the comparable period of 1978.

But there were still losses from Duchess—A$2.8m against A$5.5m. However, stocks had been sold at prices above book values and, during the next few months, the future of the project will be reviewed, BH South said.

The group's trading results do not include a profit of A$3.1m on the sale of investments, from which A$2.5m came from the sale of shares in EZ Industries, the base metals mining and refining group.

The results come shortly after Western Mining's success with a A$210m bid, in the face of initial opposition from National Mutual Life, the insurance group, and Conzinc Riotinto of Australia, the Rio Tinto-Zinc unit.

But Western Mining has agreed to sell a number of BH South assets to CRA in return for CRA shares. Among these assets is Cobar Mines, the base metals producer in New South Wales.

Cobar had a loss of A$408,000 in the December half, but copper sales were the equivalent of only about two months production, the group said. A high proportion of output had not been sold at the end of December and was recorded in the books at cost. However, these stocks are now being sold at prices higher than the average for the December half year.

In London yesterday, BH South shares were down 15p at 225p.

Lepanto swells Philippines copper profits

EARNINGS at Lepanto Consolidated, one of the five big copper producers in the Philippines, climbed 132 per cent last year to Pesos 145m (£8.7m) from Pesos 61m in 1978, reports Leo Gonzaga from Manila.

The figures provide further evidence that the country's copper mines have fared better than the gold mines, despite the more dramatic rise in the gold price compared with that of copper.

Among the copper producers, Atlas Consolidated Mining and Development had a 490 per cent rise in net profits last year to Pesos 307m from Pesos 52m in 1978, while Marcopper Mining's 1979 net profits were 49 per cent higher than in 1978 at Pesos 183m against Pesos 123m.

But Benguet Consolidated, the biggest gold producer in the Philippines, posted 1979 net earnings only 2 per cent higher than in 1978 at Pesos 79m against Pesos 77m. Apex Mining, a small gold producer, did better in percentage terms, raising net profits to Pesos 9m last year from Pesos 2m in 1978.

The reason for the profits differential lies in the diversity of products. Copper mines in the Philippines yield gold and silver by-products in substantial quantities, but the gold mines yield only silver as a by-product.

The gold by-product of some of the copper mines—notably that of Philex Mining, whose annual figures are awaited—is often bigger than the main gold product of Benguet.

OIL AND GAS NEWS

Natomas makes new discovery in Krishna oilfield

A further oil producing well has been found on the recently discovered Krishna field in the West Java Sea off the coast of Sumatra according to Pertamina, Indonesia's state-owned oil company.

The new well, the Krishna No. 4, is flowing at a rate of 8,779 barrels of oil daily and adds to the established flow rate of three other wells which are producing at a combined 21,000 barrels a day.

America's Natomas, operator, has a 53 per cent interest in the field.

* * *

The Libyan units of America's Marathon Oil, Continental Oil and Amerada Hess have been granted exploration and production rights to about 5,100 square miles of land in the Sirte Basin of Libya.

The new acreage is in addition to other Sirte Basin areas operated by the group, who say they will undertake an aggressive exploration programme over the next five years. The group have relinquished rights to a similar amount of non-producing land.

* * *

The Egyptian Petroleum Development Corporation (EPDC) hopes to bring to production an oil field 300 km south-east of Cairo. Output of crude is expected to around 8,000 barrels a day beginning in July.

EPDC is controlled by Japan's state-owned Japan National Oil Corporation, Mitsui Oil Development and Daiichi Oil Development.

EPDC has been prospecting the area since November 1976 under a production sharing contract with Egypt's state-owned Egyptian Petroleum Corporation. Under the terms of the contract EPDC supplied funding and technology in return for 40.5 per cent of crude oil in the prospecting area.

EPDC drilled nine holes in the 527 sq km area at a cost of U.S.$22m (£9.7m) and confirmed oil deposits in six holes. Each hole has a daily production capacity of more than 1,000 barrels of crude.

* * *

America's McMoran Oil and Gas has discovered natural gas off the coast of Louisiana and oil in South Texas. The oil was found six miles east of Corpus Christi in the No. 2-A well in Nueces County and flowed 307 barrels a day through perforations from 7,885 to 7,891 ft.

The McMoran subsidiary which discovered the oil has an interest in 960 acres on the lease with an option on a further 640 acres. McMoran has a 34.5 per cent stake in the well, Getty Oil has 32.75 per cent and Atlantic Richfield 32.75 per cent.

The gas find was made in Vermillion Blocks 225-226 off the Louisiana coast. Production flow tests have not been made. The well was drilled to 12,445 ft and a platform is being designed to develop the leases.

* * *

BHP/Esso report that the Vinck 1 well in Permit WA-97-P on the Exmouth Plateau is at a depth of 3,807 metres and that a core cut from 3,796 metres to 3,807 metres recovered a 100 per cent sand section of moderate porosity containing shows of light hydrocarbons. Preparations are being made to cut a second core.

* * *

Hartogen Energy has encountered a second gas flow at its Kincora No. 16 well. A drill stem test of the two lower sands between 4,875 and 4,947 ft flowed at a rate of 4.62m cubic ft a day.

The previous drill stem test over the interval 4,850 and 4,722 ft flowed at a rate of 3.92m cubic ft a day. The well has been drilled to a total depth of 4,947 ft.

Hartogen has a 100 per cent working interest in the Kincora field subject to various royalties totalling 14.65 per cent and a 10 per cent net profit interest held by Australian Oil and Gas Corporation.

* * *

Jorge Morais, Angola's Oil Minister says that Angola's daily production of 160,000 barrels of crude will rise to 200,000 barrels within three years.

In a radio interview monitored by Reuter the Minister said that with the recent discovery of a new oilfield off northern Cabinda, in which Gulf Oil has a 49 per cent stake and which is expected to yield 50,000 barrels daily by 1983, and with the use of direct gas injection recovery methods, oil production will eventually double from present levels.

* * *

Bahrain has decided to undertake its own oil exploration in both onshore and offshore areas and has been offered technical assistance by Kuwait and Saudi Arabia according to Yousef Ahmed Shirawi, Bahrain's Minister for Development and Industry.

In an interview with the Al-Adhwa newspaper the Minister also said that negotiations were taking place for Government participation in the island's 250,000 barrels a day refinery, owned by the Bahrain Petroleum Company (BAPCO), a wholly-owned subsidiary of American Caltex Oil.

The refinery, which imports 230,000 barrels of light and heavy crude a day from Saudi Arabia, is controlled by BAPCO, but the Government markets its products.

Last December Bahrain acquired the remaining 40 per cent ownership of its oil and gas production and marketing facilities from BAPCO, which had already signed away 60 per cent in 1975. Bahrain produces crude oil at the rate of 55,000 barrels a day.

BIDS AND DEALS

Howard Tenens suspended as possible offer looms

AFTER WEEKS of speculation Howard Tenens Services, the distribution and engineering services group, announced that it had received an approach which might lead to a takeover bid for the company.

The shares, up from 64p in early January, were suspended at 81p yesterday at the company's request. At this price—down 3p on the previous day—the company is capitalised at £10.18m.

Mr. E. C. Morris, chairman of Howard Tenens, said yesterday that the company had requested a suspension of its shares because the price was running beyond the level at which a bid might be made if the talks are successful. He revealed that the approach had been made by a cash bidder with no present holding in the company.

Mr. Morris said that the company wanted to make sure that the bidder would safeguard the interests of Howard's 1,400 employees, would meet the group's obligations and contracts to customers, and maintain the company as an ongoing business.

With the bidder holding no shares in Howard this would rule out Mr. Ian Wasserman, an ex-Slater Walker man, as being a party behind the bid move. Mr. David Llewellyn, formerly joint deputy chairman at English Property Corporation and now on the board of Greengarden Investments, a private company, is also rumoured to be interested in Howard.

It is understood that a relevant stake of at least 20 per cent has been built up in the company and is held in nominee names. M and G Investment Management is shown to manage or advise funds which hold 6.3 per cent of the equity.

Howard has had a chequered history, making losses in three of the past five years. Mainly reflecting termination losses from Howard Tenens Engineering (Willenhall)—sold to Armstrong Equipment for £2.65m—the group showed a turnround from a profit of £997,000 to a loss of £268,000 in the year ended March 31, 1979.

There was a recovery to profits of £610,000 in the first half of the current year and the directors were looking for a similar second half.

There have been a number of board changes in recent years. After less than a year on the board Mr. Bob Grier left the company in September 1978 after differences over his role as finance director.

Mr. Peter Small, formerly with the company's auditors Touche Ross, became financial controller. Touche Ross had replaced Binder and Hamlyn and Comin's, the joint auditors, a year earlier. In April 1979 the then chairman Mr. John Swanborough—ex chief of Avon Rubber—resigned and was replaced by Mr. E. C. N. Morris.

Hoffnung will reply soon

S. Hoffnung, the UK-based Australian trader, intends to let its shareholders know in detail soon why it is so firmly against the near £16m cash bid from Burns Philp.

Having already signalled its rejection of the offer from the Australian company, Hoffnung said yesterday that shareholders were strongly recommended to take no action until they received the board's reasons.

Mr. H. Roland Bourne, Hoffnung's chairman, has written to the shareholders restating the board's view that the Burns Philp offer is "unacceptable and wholly inadequate."

At the end of last week, Mr. James Burns, the chairman of Burns Philp, urged Hoffnung shareholders to accept the 80p cash offer for the ordinary shares and the 60p being offered for the preference shares. Burns Philp already owns 3.5 per cent of Hoffnung and has irrevocable acceptances for 9.4 per cent from investment trusts managed by Murray Johnstone.

London and Liverpool Trust negotiating major acquisition

Shares of London and Liverpool Trust an authorised investment trust, were suspended at 30p yesterday pending a company reorganisation.

The directors say they "are engaged in negotiations regarding a major acquisition which would change the nature of the company's business and would require shareholders' approval."

A spokesman said: "We are not being taken over. It is a question of a possible merger."

London and Liverpool is a rarity among investment trusts because its share price stands at a healthy premium over asset value. The asset value is currently estimated at 22p by brokers.

Shares in the trust are tightly held and South African interests in the form of W. and A. Investment Corporation hold 29.84 per cent. Two years ago the takeover panel ordered a consortium of companies (including W. and A.) held to be acting in concert to make a full bid.

London and Liverpool was offered for sale in 1973 with the aims of achieving maximum capital growth primarily in UK listed securities, and particularly in smaller and medium sized companies. Its portfolio is managed by Schlesingers Investment Management Services. At the suspended price London and Liverpool is valued at £750,000.

Heron sets up new company

The Heron group of companies, which is negotiating over possible new ventures in the U.S., South America, the Middle East, and Africa, plans to set up a new holding company for all its activities, which range from property to garages.

Shareholders of Heron Corporation have been asked to approve the formation of Heron International and agree to exchange their shares for those of the new parent company.

This will involve no actual change in ownership of Heron Corporation, whose capital is £6.72m in ordinary shares and £18.28m in deferred shares. One of Britain's largest private companies, it owns 67 per cent of the quoted Heron Motor Group and last year earned £8.23m before tax.

Mr. Gerald Ronson, the chairman and chief executive, said Heron Corporation had been looking around in the U.S. for some 18 months in the insurance, savings and loan, natural resource, and property sectors. It is already involved in one oil and gas venture there.

No listing will be sought for the shares of Heron International. The existing mortgage debenture stocks will not be affected and their listings will be kept. Heron Corporation owns the group's European interests, and Heron International will handle the new ventures further afield.

Insurance brokers merger plan

London Merchant Securities, the property development and investment group with insurance interests, and Eastern Produce, the plantations company, are planning to merge their insurance broking subsidiaries.

The two insurance broking groups involved are Walker Frampton of London Merchant Securities, and Ernest Notcutt Group, part of Eastern Produce. If the deal goes through the two group's would be pooling insurance premiums of £23m per annum and producing combined brokerage of about £2.5m.

Notcutt, which specialises mainly in motor insurance broking and goods in transit insurance was acquired by Eastern Produce towards the end of 1978. Eastern Produce said yesterday that it would like to have a further investment in the insurance broking sector and hoped to retain a 75 per cent shareholding in the eventually merged operations.

Ernest Notcutt, which through Ernest Notcutt and Co is an approved Lloyd's of London broker, is the larger of the two companies producing £1.7m in brokerage. It is represented in Africa and Australia.

Walker Frampton, also a Lloyd's broker, is mainly UK based and handles general insurance. Talks on the merger are still in progress and any agreement is dependent on the approval of the committee of Lloyd's.

QUEENS MOAT

For £325,000 cash Queens Moat Houses has acquired the freehold of the Leicestershire Moat House, Oadby, from Everards Brewery. Queens Moat acquired the lease of the 30-bedroom hotel last August.

Payment will be met as to £180,000 on completion, £75,000 a year later and £70,000 two years later.

THIRD MILE

Antony Gibbs has sold 58,750 shares in Third Mile Investment Co. Saranac, a wholly owned subsidiary of Sempah (Holdings), has purchased 425,000 shares increasing its beneficial holding to 450,000 (17.71 per cent).

UNILOCK EXPANDS

The Unilock Group has recently concluded an agreement to acquire a majority shareholding in Curtis Steel, the exclusive distributors of the range of steel partitions manufactured by the Curtsons Group.

As a result of the agreement, that company—to be renamed Unilock-Curtis Steel—will continue to operate throughout the UK while Unilock (Exports), the international arm of the Unilock Group, will take over responsibility for all overseas sales activities.

FORWARD TECHNOLOGY

Consent has now been received from the French Treasury and the Dutch Authorities for the proposed acquisition by Forward Technology Industries of 64 per cent of Mecasonic SA of Annemasse, France, and its wholly owned subsidiary Mecadeco SARL. Total cash consideration FFr 3m (£320,000) has been paid.

BIBBY SELLING COOKE CONVERTERS

For a cash consideration of some £900,000 J. Bibby and Sons has agreed to sell its wholly owned subsidiary, Henry Cooke Converters, to Yhtyneet Paperitehtaat OY (United Paper Mills), one of Finland's largest industrial groups.

Cooke Converters, formerly known as Clyde Paper Company, was acquired by Bibby in late 1976 to complement its existing paper interests.

Commenting on the sale Mr. Leslie Young, Bibby's chairman, says that in spite of substantial investment in new plant Cooke Converters has found it difficult to achieve an acceptable level of profitability.

U.S. MOTOR INDUSTRY

Detroit slowly gears up to small car age

BY IAN HARGREAVES IN NEW YORK

DETROIT DOES NOT seem to be able to make up its mind whether things are getting better or worse for the U.S. motor industry.

The now completed quarterly results from the four manufacturers show sharp falls in profitability, yet more or less in line with expectations. This explains why our stocks have been doing quite nicely on Wall Street so far this year in comparison with average performance.

At the same time, the spectre of a recession in consumer spending seems to have drifted even further away, the weather continues unusually mild in the north-east of the country and slowly but surely the industry is gearing up to become the world's largest producer of small cars—the sector in which the Detroit companies were roasted last year by mainly Japanese imports.

On the company front, Chrysler has started to play down the scale of its financial problems, suggesting it may not need Federal loan guarantees, and General Motors, as ever, is sticking to its view that the U.S. economy is fundamentally sound and the American public fundamentally wedded to the idea of regularly changing their cars.

This impression of cautious confidence is, however, strikingly contradicted in other motor industry utterances. Most obvious is the growing outcry over imports and the demand for protectionist measures recently carried to Japan by Mr. Douglas Fraser, president of the United Autoworkers' Union. Ford executives have also given some unaccustomary backing to the union's stance.

But the more significant pessimism is derived from a sceptical analysis of the very factors which have cheered Detroit in the last few weeks.

Most important is the non-recession. The fact that the U.S. industry's sales hit a four-year low last year without a recession in consumer spending strengthens the impression that the decline in sales has more to do with competition from imported small cars and perhaps reflects a basic adjustment in the market to steeply increased fuel costs. Much the same can be said of the weather. It should have helped the industry to a better performance which, apart from a few days in January, has so far not transpired.

The bleak fact remains that a quarter of the industry's 700,000 workers are indefinitely laid off, that end-January stocks of cars were still at unhealthy levels for Ford (84 days) and crisis levels for Chrysler (120 days) compared with 45 days for imports and 60 days for General Motors.

Much the same situation on both sales and vehicle stocks applies in truck manufacturing too. This explains the continued torrent of bargain offers from the car companies, the most costly of which seems likely to be Ford's decision to pay dealers' showroom financing charges over 10 per cent. With prime rate at 16¾ per cent, this already generous offer now looks positively profligate.

Forecasting financial results for the motor companies has, because of the uncertainty over sales patterns, become a more than usually hazardous task. Most analysts expect a substantial fall in annual profits for both Ford and General Motors, although Chrysler is not expected to do worse than the record $1.1bn it lost last year.

American Motors, although probably stronger financially now than for many years, saw its earnings decline in the final quarter of last year (AMC's first fiscal quarter) from $18.9m to $12.8m.

Predictions of lower profits are based on forecast car sales in the U.S. this year of between 9.5m and 10m, compared with 10.6m last year. Imports are expected to account for between 26 and 25 per cent of this total, against a record 22.5 per cent last year. Sales are running at an 8.1m annual rate for the domestic manufacturers so far this year against an actual 8.3m last year.

These remain the critical figures for the industry, where profits vary in direct proportion to the volume of production. For Chrysler, a level of sales significantly below its own worst case forecast of 9.3m for domestic and import sales, could spell catastrophe in terms of its fragile negotiations with lenders following the passing of aid legislation.

For Ford and General Motors the position is, respectively embarrassing and slightly uncomfortable. Ford probably lost $1bn on U.S. car and truck operations last year, but its strength in Europe as well as the success of its non-car business in North America resulted in the third most profitable year in the company's history.

But Ford has seen a substantive fall in its working capital (from $3.1bn to $2.3bn at each year-end) at the same time as it stretched its long-term debt by $0.6bn to $2.4bn.

None of this, however, can be said to impose a dangerous strain on a company whose total equity stands at $10.4bn. Chrysler, with whom Ford has frequently been compared in the last six months, had debt in excess of net worth by the year-end. The only accurate comparison between Ford and Chrysler is in the U.S. market place, where both have lost market share quite sharply to General Motors and the importers.

At General Motors, the pressures are even slighter. The company experienced, like Ford, a drop in working capital last year, but mighty GM remains virtually free of long-term debt, although some observers doubt that it can remain so this year. There are also suggestions that GM will have to trim its dividend this year as it did in the 1975 slump.

But, beyond these problems, the industry may well be right not to be unduly anxious. The 1981 model year (October 1980 to October 1981) will see the Detroit Big Three, with the help of Volkswagen of America, double capacity in the production of front-wheel drive cars from about 1.5m in the present model year to 3m.

That will bring Ford into contention in this crucial sector of the market with its Erika line, GM will build on the success of its existing X-body cars and Chrysler will add K-body cars to its already fairly successful Omni and Horizon lines.

In short, the U.S. industry will probably in that model year become the world's largest producer of (mainly small) front wheel drive cars, the sector in which it has been buffeted by Japanese and European imports in the last year.

That is the reason why Toyota and Nissan are resisting every armlock in the diplomatic repertoire to persuade them to build car plants in the U.S. They know that, by the time their flow lines could be moving, the juggernaut of Detroit would be matching them product for product across the world. Any loss of price competitiveness caused by starting up U.S. operations could, the Japanese know only too well, weaken them at a critical stage in the battle for world motor industry supremacy.

	$ Net profit 1979	1978	$ Sales 1979	1978	$ Final quarter net profit 1979	1978
General Motors	2.9bn	3.5bn	66.3bn	63.2bn	426m	1bn
Ford	1.2bn	1.6bn	43.5bn	42.7bn	*41m	282m
Chrysler	*1.1bn	*205m	12bn	13.6bn	*376m	43m

* Loss

Wall Street still bracing itself for credit controls

BY DAVID LASCELLES IN NEW YORK

THE CHANCES of the U.S. Administration imposing some form of control on credit as part of an anti-inflation package are taken seriously in Wall Street now, although a debate is boiling up over how effective controls could be, and where they should be applied.

In fact, President Carter's failure over the week-end to fulfil widespread expectations of a credit control package caused bond prices to drop yesterday morning, although they recovered some ground later.

Citibank, the large New York bank, launched the attack against credit controls yesterday with big newspapers advertisements headed "Credit Controls — Pushing a String." The bank said that history was full of examples of the failure of credit controls, and it compared a Government allocating credit to a gardener trying to make the grass grow faster in bare patches by cutting it shorter everywhere else.

Citibank's effort reflects the widespread distaste for controls that pervades the financial community. Mr. Paul Volcker, the chairman of the Federal Reserve Board, has also said that he is opposed to controls because they are unlikely to be effective over the long run.

However, the credit markets have repeatedly strengthened in the last few days on rumours that controls are on their way, mainly because dealers are convinced that Mr. Carter will be forced to do something about inflation. This is prompting economists to study where credit controls might fall.

Dr. Henry Kaufman, an influential partner at Salomon Brothers, says that there would be little point in applying them to the two most frequently mentioned areas, consumer credit and housing finance, because both are already faltering.

Reducing government credit would be useful, he says, although politically hard to achieve. This leaves business credit. But here, too, there would be problems. Which business would have priority? How would leakages be stopped? In addition, controls on commercial bank lending might simply transfer borrowing to the commercial paper and bond markets.

Mr. Alan Lerner, money market economist at Bankers Trust, takes the opposite view. He believes that controls will fall heaviest on consumer spending and housing, because both areas are stronger than is widely thought. Purchases of non-car durables are still buoyant, he says, and a sharper drop in housing is needed to dampen the economy down.

Mr. William Griggs and Mr. Leonard Santow, economists at J. Henry Schroder Bank and Trust, believe that the market would respond most favourably to controls on consumer spending, because this would slow down the rate of economic activity.

However, they also believe that these measures would have their greatest impact on the intermediate and long-term markets. Short rates could go higher still if a credit control package were accompanied by a rise in the discount rate

Austria borrowing to rise 50%

BY PETER MONTAGNON

AUSTRIA'S net external borrowing requirement should amount to some Sch 18bn ($1.4bn) this year after reaching slightly more than Sch 12bn last year. This was stated in London yesterday by Dr. Helmut Haschek, chairman of the Austrian export financing bank Oesterreichische Kontrollbank.

Dr. Haschek said that the amount corresponds to the so-called "extended balance of payments deficit," which is the current account including the errors and omissions. There is no intention to add to reserves this year.

He said that most of Austria's new external debt this year will be incurred by the Kontrollbank, with the government concentrating on the domestic bond market to finance its budget deficit.

Austria's Finance Minister, Dr. Hannes Androsch, earlier told a Euromarkets conference in London that his country's external debt service requirements this year would amount to $500m.

Meanwhile, Mr. Gaston Geens, Belgium's Finance Minister, told the conference that no Belgian external borrowing is imminent at present. This comes amid market rumours that a large credit of some $1bn to $1.5bn is planned.

Mr. Geens said the Belgian external borrowing last year amounted to some $2.6bn. If the condition of the domestic bond market does not improve, the amount could be similar this year, although it is too early to be precise.

Belgium's budget deficit is expected to fall to about $2.8bn this year from $3.1bn last year, he said.

FINANCIAL TIMES

THE WORLD MOTOR INDUSTRY Geneva

CONFERENCE

Japanese carmakers under fire

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT IN GENEVA

THE EUROPEAN motor industry's increasing impatience with Japanese car manufacturers was clearly reflected yesterday at the Financial Times World Motor Industry conference. In particular, Mr. Francois Perrin-Pelletier, chairman and chief executive of Talbot Europe, gave a warning that the Americans and Europeans "will not be prepared to accept for very long the imbalance of exchange which is being established: Japan exports a hundred times more cars than it imports, which seems to me completely incompatible with the harmonious development of the industry worldwide."

While recognising the competitiveness of the Japanese industry, the Europeans "cannot tolerate a situation in which a devaluation of the yen by almost 30 per cent strengthens even further the commercial aggression of these manufacturers and allows them to gain strong market penetration.

"Neither can we tolerate the fact that their domestic market, protected by the twin barriers of niggling legal requirements which make it very difficult to adapt imported vehicles to comply, and the near impossibility for foreign manufacturers of establishing a local sales network."

Mr. Perrin-Pelletier said that too many European jobs were at stake—the motor industry employs 4m people, or 10 per cent of the workforce.

"If the balance in exports is not restored, and particularly if the yen is not rapidly revalued to an acceptable level, other governments will be forced to take steps to redress the balance."

Another topic which preoccupied the conference was overcapacity in car production in Europe. This overcapacity could reach 1.3m cars a year by 1985.

Mr. Perrin-Pelletier put this in perspective when he predicted that the average growth in Europe would be 2 per cent to 3 per cent a year. Overall world growth should also be about 3 per cent per year, close to that during the past 10 years.

Mr. Corrado Innocenti, deputy chairman and managing director of Alfa Romeo, maintained that overcapacity will be "a major nightmare, particularly in Europe, where capacity increases (13m units in 1982 against 12m in 1978, with the Iberian peninsula becoming the Detroit of Europe) will not match demand increases, and the European car trade balance will be much worse with imports from Japan and the Comecon countries increasing from the current 900,000 to to 1.5m in 1985 while European exports decrease."

He said that cost reduction would become the key for survival. The world car concept was the U.S. answer to the Japanese challenge, through component rationalisation.

Mr. Innocenti suggested that governments would continue to take an active interest in the motor industry, and that "the policy of finding national solutions to national problems," will probably continue. If the solutions cannot be national, they are likely to be transcontinental rather than inter-European.

"The EEC has understood all this clearly. How significant a role the EEC will be able to play in helping the European industries will depend on the need for transnational co-ordination within Europe—say for component rationalisation—and on the will of the European countries to co-ordinate safety and pollution regulations."

Mr. John Rhodes, chairman of Booz Allen and Hamilton International, suggested that the development of an "Atlantic market" combining Europe and North America was a logical development for the industry over the next 10 years. It would be the biggest consumer market, but very competitive and fraught with political and regulatory problems.

How it developed depended on where and how the Japanese decided to put their production resources, and the impact of cars produced in Eastern Europe. There would be very little margin for competitive error, even though the Atlantic market would require 25m cars a year. Growth would be only 2 per cent, and highly cyclical, so there would be a reduction in the number of volume car producers — "larger markets mean fewer producers." But the size, diversity and affluence of the market would provide opportunities for the smaller specialist manufacturers.

On this point, Dr. Karlheinz Radermacher, the director of BMW responsible for research and development, pointed out that the introduction to car plants of so-called "intelligent robots" over the next 10 years to give more flexibility in production would make the facilities of large and medium sized companies much more similar than in the past.

He maintained that size alone was neither a necessary nor an adequate criterion for the survival of an automobile company. "The point is rather to anticipate the future and to initiate the necessary action in a quick and efficient manner. The years ahead are more unpredictable than ever, therefore flexibility becomes of vital importance."

He insisted that middle-sized companies have a considerable chance of survival through co-operation between themselves and with outside partners, without giving up their independence. "But to stay ahead of the game in technology, you have to do it yourself," he said.

Mr. Sten Wennlo, chief executive of the Saab car division, said that while it was vitally important for European manufacturers to establish good technical and production collaboration, it did not mean that the European industry would "become a single large co-operative."

He said that small and medium-sized manufacturers must restrict their model ranges so as to concentrate resources on developing lines of cars well ahead internationally in automotive development.

"With a production volume of the same order as Saab—about 100,000 cars of one model series—it is also possible quickly to introduce new, sometimes very advanced, technical features in order to secure unique properties in the whole range of cars produced. This is a decisive strength of the small car manufacturer."

Brazilians rush to beat car price rise

BY RIK TURNER IN SAO PAULO

AN EXPECTED increase of between 15 per cent and 17 per cent in Brazilian car and motor vehicle prices has led to a rush to buy. Industry sales were up in January by 9 per cent compared with January, 1979, according to the National Association of Vehicle Manufacturers (Anfavea).

Volkswagen do Brasil's sales rose in that period, for example, from 86,497 vehicles to 99,964. General Motors produced some 18,000 vehicles in February, 2,000 more than the company had anticipated, and Ford, whose production capacity is limited to 15,000 vehicles per month, reported in mid-February that deliveries for the month were complete.

Motor prices were frozen at the beginning of November. With the 12-monthly inflation rate to end-January at 81.7 per cent, cars are thus a good investment against inflation while present prices last.

Furthermore, the Government decreed early this year that price rises will now be twice-yearly rather than quarterly. The motor industry is therefore known to be pushing for a 20 per cent increase to win back profit margins at the temporary expense of a drop in sales, which is expected to last a month after the increases.

The Interministerial Council on Prices, the Government body with whom the industry must negotiate the increase, is thought to favour a figure of 12 per cent. The likely outcome is thus a compromise figure of around 15-17 per cent.

The two sides met on February 26, but were unable to resolve their differences, which also extend to the date for the increase.

$120m loss by Uniroyal

BY IAN HARGREAVES IN NEW YORK

THE AMERICAN tyre manufacturer Uniroyal, which is struggling to stem heavy losses from its beleaguered tyre operations, has reported a net loss of $120m for last year.

The loss, which compared with a small profit in 1978, comes after the $88m provision for various closures and retrenchments, including the permanent closure of two of the company's five U.S. tyre plants announced in January.

In the fourth quarter, these provisions drove the company to a loss of $112m on sales of $573m. Sales for the whole of last year were $2.57bn, down from $2.74bn the previous year.

The company's tyre business lost $24m on operations last year, compared with a profit of $55m in 1978. Sales were also down sharply, due to the sale of Uniroyal's European tyre business and to lower demand in the U.S.

In its non-tyre operations, however, Uniroyal had a record $89m net surplus last year compared with $71m the year before.

Revlon in contact lenses deal

By Our New York Staff

REVLON, the major U.S. cosmetics concern, is to extend its diversification into the medical appliances field by buying a company which makes contact lenses. In a deal worth over $80m, Revlon is to acquire Continuous Curve Contact Lenses, which is based in San Diego, California. The company had sales of $19.3m and earnings of $2.5m in the first nine months of its fiscal year ended January 31, 1980.

Revlon said yesterday that this was its first move into the contact lens business. Revlon already owns a company which makes equipment to grind eye-glasses, and another which makes solutions to clean contact lenses.

Under the terms of the deal, Revlon is to exchange 1.275 of its shares for each of Continuous Curve's 1.7m shares outstanding. With Revlon shares trading at $38¾ yesterday, this gives the deal a value of about $84m.

Continental sale

Continental Group, one of the largest U.S. producers of metals cans and a leading factor in the packaging industry, has agreed in principle to sell subsidiaries involved in the manufacture of sausage casings and similar products to American Hoechst for more than $100m, AP-DJ reports from Stamford.

The sale is subject to negotiation of a definitive purchase agreement, required regulatory approvals and approval by the boards

MCA optimistic on prospects for 1980

UNIVERSAL CITY — With the help of the largest film schedule in its history, a strong outlook for television syndication sales and a "dramatic improvement" in its money losing record division, MCA expects that 1980 will be a satisfactory year, according to Mr. Lew R. Wasserman, chairman.

But Mr. Wasserman would not predict whether net income would top the 1979 figures of $139m, or $5.95 a share—an 8 per cent gain on 1978. He said there were too many imponderables this year—rising petrol prices, the possibility of fuel rationing and a questionable economy—to make a firm prediction.

Higher petrol prices could take a huge bite out of consumers' disposable income affecting many of MCA's operations such as films, records, its Universal Studio tours in Los Angeles and other recreational operations, he said. Rising unemployment could also affect purchases of cinema tickets and records.

MCA's films division plans 20 releases this year is the releases this year—the largest number ever.

AP—DJ

INTERNATIONAL BONDS

Swiss franc issues slide

BY OUR EUROMARKETS STAFF

DOLLAR Eurobonds were steady to firmer yesterday in light trading, while hard currency markets extended their weakness of last week, especially in the Swiss franc sector.

Straight dollar issues showed average gains of ⅜ points amid signs of light short-covering and scattered investor interest.

Floating rate notes were quiet. Standard Chartered's $75m issue due 1990 had its coupon fixed at 17½ per cent, equalling the record set by Bergen Bank last week.

Prices of Swiss franc international bonds, however, again suffered heavy losses as the dollar rose in foreign exchange markets. The increase in the discount rate last week still leaves a very wide interest differential between francs and dollars.

Average declines were 1½ points, while among individual issues BNDE's issue, due 1989, shed four points to finish at 77¼.

Meanwhile, Credit Suisse said it is arranging the first ever convertible public issue for a Japanese borrower, Sanyo Electric, which is to raise SwFc 100m over 10 years at a coupon of 5¼ per cent and issue price of par. The bonds are convertible into ordinary shares at a price of Y442 compared with their present price of Y404. Exchange rate conversion has been set at 149.13.

D-Mark bonds were also lower for similar reasons to those prevailing in Switzerland, though the declines were modest, averaging about ½ points. Trading was fairly light.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices published on the second Monday of each month. Closing prices on March 3

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Alcoa of Australia 10 89	60	78¾	79¼	+0½	+0¼	14.33
Alex Howden XW 9½ 91	30	†70	72	0	0	14.96
Australian Res. 9¾ 84	30	84⅛	84½	+0¼	+0½	14.54
Avco O/S Cap. 10¾ 97	40	73¾	74¾	0	−1¼	18.61
Beneficial Fin. 9¾ 87	100	79¾	80¼	+1	+1¼	14.31
CECA Grad. Rate 12 86	100	89½	90¼	0	+1¼	14.40
CECA 11¾ 90	50	83¾	84½	+0¼	+2¼	14.78
Canadian Pacific 9¾ 89	60	77⅞	78⅜	+1¼	+2	14.12
Carter Hawley 9¾ 86	50	80⅛	80⅞	+0½	+1¼	14.61
Comalco Inv. E. 10¾ 91	40	77¾	78¼	+0⅛	+0½	14.24
Continental Grp. 9¾ 86	100	80¼	80¾	+1	+1⅛	14.47
Dome Petroleum 10 94	50	72⅝	73⅝	+1⅞	+4¼	14.58
Dominion Bridge 10¾ 94	30	87¼	87⅞	+0⅛	+1⅛	14.26
EIB 11¼ 92	80	82⅛	82⅞	+1	+1¼	14.97
EIB 10⅛ 87	100	†82	83	−1⅛	−1½	14.53
[illegible] 10.15 99	100	†73	75	+0⅛	−0¼	14.61
[illegible] 11¼ 87	50	86½	87⅛	+1¼	+1⅛	14.29
Export Dv. Cpn. 9¾ 84	100	84½	85	+0⅛	−0½	14.55
Export Dv. Cpn. 9¾ 84	150	84⅞	85⅛	+0⅛	−0⅞	14.42
Finland 9¾ 89	100	†75¼	75¾	+1	−0½	15.01
GTE Finance 9¾ 88	55	77⅜	77⅞	+1⅛	+2⅛	14.19
[illegible] 9¾ 86	100	80¼	80⅜	+0½	+1⅞	14.10
[illegible] O/S Fin. 11 84	100	90	90¾	+1¼	+1	13.89
Gould Int. Fin. 9¾ 85	50	84⅛	84⅞	+0½	+0⅞	14.28
[illegible] 9½ 89	75	74¾	75¼	+0⅛	+0⅛	14.60
Kennecott Int. 9½ 86	100	78	78⅝	+1	+2⅛	15.12
Manitoba 9½ 89	75	77⅛	77⅝	+0⅛	+1	14.04
Michelin 10 94	125	71¼	72¼	+0⅛	0	14.76
Nat. Oes. Telecm. 9½ 86	100	80⅝	81¼	+0⅛	0	14.24
New Brunswick 9¾ 94	75	73	73½	+1¼	+1¼	14.25
Newfoundland 10 94	50	71⅞	72¼	+1¼	+2⅛	14.62
Norges Komm. 8⅞ 99	100	72⅛	72⅝	+1⅛	+0½	14.55
Norway 9½ 84	150	85⅛	85⅝	+0⅞	−0¼	14.38
Nova Scotia Pwr. 9¾ 89	50	76¾	77¼	+0½	+1½	14.39
Occidental Fin. 10¾ 84	50	85⅝	86⅛	+0½	+1½	14.89
Orient Leasing 9½ 86	25	78¾	79¼	−0⅛	−1⅛	14.80
Pennwalt O/S F. 9¾ 84	25	84	84½	+0⅛	+0⅞	14.99
Pepsico Cap. 9¾ 84	100	85⅞	86⅜	+0½	+0⅛	14.02
Quebec Hydro 10 99	75	68⅛	68⅝	+1⅞	+1⅛	15.07
Sears Roebuck 9 82	150	90⅛	90⅝	+0⅛	+0⅛	14.95
Statoil 9½ 89	100	77¼	77⅝	+0⅛	+1¼	14.05
Sweden 9¾ 89	100	77⅝	78⅛	+0⅛	+1⅞	14.20
[illegible] 98	200	†81	81½	+1½	−0½	14.68
Sweden 9¾ 84	100	85⅛	85⅝	+0⅛	−0½	14.33
[illegible] NV 9½ 87	[illegible]	78⅛	78¼	+0½	+1¼	14.10
Warner-Lambert 9 84	100	84	84½	+0⅛	−0½	14.06

Average price changes On day +0⅜ on week +0⅞

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
African Dev. Bk. 8 87	100	95	95¾	−0⅛	−0⅛	8.84
[illegible] Dev. Bk. 7¾ 89	[illegible]	86	86¾	−0⅛	−1⅛	9.49
Australia 6¾ 90	250	98⅛	98⅞	—	—	8.35
Barclays O'seas 6¾ 89	100	83¼	84	+0⅛	−1⅞	8.50
BFCE 7¾ 87	100	92½	93⅞	−0½	−2¼	9.19
BFCE 8⅛ 95	100	90½	91¼	−1⅛	−1⅞	9.28
Brazil 8 87	100	86⅞	87⅜	−0⅛	−4⅛	10.54
CECA 7 91	150	86⅛	86⅞	−0½	−1	8.98
[illegible] 7½ 89	[illegible]	89⅝	90½	+0⅛	+0⅛	8.93
Denmark 7⅞ 86	100	92¼	93	−0⅛	−1½	8.56
Denmark 8⅛ 92	100	92⅛	93	−0⅞	−3½	9.30
[illegible] 7½ 86	225	90⅝	91⅜	−0⅛	−1	8.99
[illegible] 7½ 89	200	88⅝	89½	−1⅛	−3⅛	9.29
Finland Rep. of 8 86	[illegible]	91⅛	92½	−1⅛	−3⅛	9.62
[illegible] City of 7⅞ 89	[illegible]	88⅛	89⅜	−0⅛	−1⅛	9.44
Neder. Gasunie 8 86	100	92¾	93⅜	−5⅛	−5	9.38
New Zealand 7⅞ 87	200	89	89⅜	0	−1⅛	9.12
Norges Komm. 7¾ 91	150	89⅛	90⅛	−0⅛	−1½	9.26
Norway 6¾ 94	200	89⅞	90⅛	−0⅛	−0⅞	9.22
Norway 7½ 85	250	93⅛	94¼	−0½	−1½	9.10
OKB 6 87	40	86½	87½	0	0	8.57
OKB 7¾ 89	100	86⅞	87⅝	−0⅛	−4⅛	9.42
World Bank 7¾ 91	400	88½	89¼	−0⅛	−2⅛	8.37
World Bank 7⅞ 90	250	91⅝	92⅜	−0½	−0⅛	9.18

Average price changes... On day −0⅛ on week −1½

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Argentina 5½ 89	80	*85¾	86¼	−2¼	−6⅛	7.84
Aumar 5 89	60	87	88	−0⅛	−4¼	6.85
Australia 3¾ 89	250	81	81¾	−3⅛	−7⅛	6.43
Bergen, City of 4¾ 91	40	85½	86¼	−1½	−5¼	6.83
BNDE 5 89	75	77¼	77¾	−4	−7	8.62
BMW Overseas 4¾ 91	100	†83	83½	−1⅛	−7⅛	6.35
Caisse Nat. Tele. 4¾ 89	100	85	85⅛	−1	−5	6.51
Canada 3¾ 89	300	80⅞	81⅛	−3⅛	−7	6.46
Copenhagen 4½ 91	80	85	85½	+0⅛	−2½	6.33
Council of Eur. 5 89	100	85	85½	−2½	−7¼	7.15
EIB 4⅞ 91	100	†86	86⅛	−1⅛	−4⅛	6.24
EIB 4¾ 94	100	†77⅛	77⅝	−1½	−7¼	6.97
Elet. de France 4¾ 89	100	85½	86	−0½	−6⅞	8.44
GZB 4¾ 89	100	81	81½	−1	−2	6.98
Hitachi 4½ 91	35	†88	89	0	−3	5.62
Int.-Amer. Dev. 4⅞ 89	100	†78½	79	−1⅛	−10⅛	7.75
Jutland Tele. 5½ 90	50	93	94	−0⅛	−5	6.40
Malaysia 5 89	80	85½	86	−0¼	−0½	7.09
Nippon Tel. & T. 4¼ 89	100	88	88½	−0½	−3	5.89
Nordic Bank 5 89	45	†86	86½	−2⅛	−9⅛	7.04
Norges Komm. 4¾ 91	100	81⅛	82	−0⅛	−4½	6.66
OKB 3¾ 91	100	77	77½	−1⅛	−4	6.73
OKB 4¾ 91	100	79½	80	−2⅛	−5½	6.97
Oslo, City of 4¾ 91	100	79	79¾	−1⅛	−4¼	7.06
Shikoku El. Pwr. 4¾ 89	100	87	87¼	+0⅛	−6⅛	6.56
Spain 4 81	100	80	80½	−2⅞	−4⅞	8.57
Stowesg 4¾ 91	60	84	84½	−1⅛	−6⅞	6.78
Voest-Alpine 4¼ 89	90	83⅛	83⅜	+0⅛	−7	7.26
World Bank 4¾ 89	100	†88⅛	89	+0⅛	−4⅛	6.25
World Bank 4¼ 89	150	83½	84½	−1½	−5⅛	6.69
World Bank 4¾ 91	100	83	84	−2⅛	−5¼	6.70

Average price changes On day −1⅛ on week −6⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Australia 5.8 83	30	84	85	−0⅛	−1⅛	11.00
Australia 6.8 88	20	84⅝	85	[illegible]	[illegible]	[illegible]
EIB 7⅛ 89	12	84¾	85¾	[illegible]	[illegible]	9.59
Finland 5.8 83	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finland 6.8 88	10	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day −0⅛ on week −0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	week	Yield
Avco Fin. 10½ 86 C$	25	81½	82	+0¼	+0½	14.53
Bell Canada 10¾ 86 C$	60	85½	85¾	+0¼	+0½	14.21
Cr. Foncier 10¾ 84 C$	30	85¾	86¼	−0⅛	−0¼	14.86
Ex. Dev. Cpn. 10¼ 84 C$	50	87¼	87¾	−0½	−0½	14.11
Fst. Can. Inv. 10 84 C$	50	87	87½	+0¼	−0¼	14.20
Hudson Bay 10½ 89 C$	60	80⅛	80¾	−0½	−1½	14.50
Quebec 10¼ 86 C$	50	81¾	82¾	+0⅛	−0½	14.92
R. Bk. Canada 10 86 C$	40	83¾	83⅞	+0⅛	0	14.11
R. Bk. Canada 10 84 C$	40	74¾	74¾	+0⅛	+0⅞	14.26
Copenhagen 8¾ 91 EUA	20	†92	93	−0½	−3½	9.65
M. Bk. Dnmk. 9 91 EUA	25	93¾	94½	−0½	−1	9.87
SOFTE 8¾ 89 EUA	40	84	85¼	−1½	−2¾	11.00
Algemene Bk. 8¾ 84 Fl	75	92¾	92⅞	+0⅛	−0¼	10.34
Ned. Gasunie 8¾ 84 Fl	50	91	91½	−0⅛	−2⅛	11.29
Ned. Middbk. 8¾ 84 Fl	75	90⅝	91¾	−2⅞	−2⅛	11.14
Norway 8¾ 84 Fl	100	92	92½	−0⅛	−0⅛	10.71
Norway 8¾ 84 Fl	100	92¼	92¾	+0⅛	−0⅛	10.36
Philips Lamps 8¾ 84 Fl	75	92⅛	92⅜	0	−0½	10.70
Air France 11 84 FFr	120	90	91	0	−2⅛	13.97
Euratom 9¾ 87 FFr	150	78⅛	79⅛	−0⅛	−1⅛	14.61
Finland 11 84 FFr	80	89	90	0	−1	14.20
Finland 11½ 89 FFr	70	85⅛	86⅜	0	−2	14.17
Gaz de France 11 84 FFr	150	89⅛	90⅛	0	−1⅛	13.93
IBM France 11⅞ 84 FFr	120	92	93	0	−2	14.09
Renault 9¾ 85 FFr	100	82½	83½	0	−1½	14.54
Saint-Gobain 9¾ 86 FFr	130	80⅛	81⅞	−0⅛	−2	14.51
Solvey et Cie 9¾ 87 FFr	125	78⅜	79⅜	−0⅛	−1⅛	14.61
Total-Oil 9½ 87 FFr	150	77	78⅛	0	−3⅛	14.63
Citicorp O/S 13½ 90 £	50	90⅞	91⅝	−1⅛	−2	15.25
EIB 11½ 91 £	25	79⅛	80⅛	−0⅛	−2⅛	15.24
Finance for Ind. 13 91 £	15	90⅛	91⅛	−0⅛	−2⅛	14.64
Fin. for Ind. 12½ 89 £	30	86	86⅞	−0⅛	−1⅛	15.29
Gen. Elec. Co. 12½ 89 £	50	88½	89⅛	+0⅛	−1⅛	14.81
Indonesia 8¾ 81 KD	7	†93	93½	0	0	8.74
Mitsubishi 7½ 84 KD	10	†95⅛	95⅞	0	0	8.72
Norges Kom. 7½ 89 KD	12	†93⅛	93⅞	0	0	8.52
Occidental 8½ 91 KD	7	†90⅛	90⅞	0	0	9.67
Akzo 9¾ 87 LuxFr	500	92¾	93½	−0⅛	−1	10.56
Eurotom 8 87 LuxFr	500	86½	87½	−0⅛	−2½	[illegible]
Euratom 9¾ 88 LuxFr	500	96⅛	97⅛	−2⅛	−3	10.36
EIB 8¾ 88 LuxFr	600	97⅛	98⅛	−0⅛	−2⅛	10.10
Volvo 9¾ 87 LuxFr	500	95⅛	96⅛	−0½	−2½	10.44

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bk. 5½ 87	0¼	97½	98⅛	2/7	15⅛	15.45
Banco di Roma Intl. 6 87	0⅛	95⅛	95⅝	26/4	15⅛	15.89
Bank of Ireland 5⅝ 86	†0¼	96⅞	97⅛	21/5	16⅛	16.60
Bank of Tokyo 5⅝ 89	†0¼	96⅞	97⅛	25/4	14.56	[illegible]
Barclays O/S Inv. 5 90	0⅛	96⅛	96⅝	13/6	14⅛	14.75
Bergen Bk. A/S 6 89	†0¼	97⅛	97⅝	29/6	17⅛	[illegible]
Bque. Indo Suez 5¾ 89	0¼	97⅝	98⅛	11/7	14.69	[illegible]
Citicorp O/S F. 6 94	†0¼	98⅝	99⅛	8/3	14.44	14.60
Citicorp O/S F. 83	§†0	99½	100	23/5	16.06	16.10
Citicorp O/S F. 84	†0	99⅛	99⅞	30/5	16.94	17.00
Co-operative Bk. 6 86	0¼	97⅛	97⅝	16/5	15.06	15.43
Creditanstalt 5½ 91	§†0¼	98⅛	98⅝	14/3	14⅛	15.10
CNT 5¼ 86	§0¼	99	99½	16/4	16.19	15.20
GZB 5½ 89	§0¼	97½	98	1/5	14⅛	14.96
Jugobanka 8 89	0⅞	92½	93½	23/5	16	17.20
Ind. Bank Japan 5⅝ 87	0¼	97	97½	15/4	14⅛	14.75
LTCB Japan 5¼ 88	0¼	96⅞	97⅛	13/6	14⅛	14.67
LTCB Japan 5½ 89	0¼	96⅞	96⅞	7/6	14.19	14.68
Mfrs. Han. O/S 5¼ 94	†0⅛	98⅞	99⅛	20/5	17⅛	17.52
Midland Intl. Fin. 5 89	0¼	98⅛	98	20/6	15	18.19
Nacional Fin. 6¼ 86	0¼	98⅝	97⅝	25/7	14.89	18.18
Nat. West. 5¼ 94	§0¼	97⅛	97⅝	11/4	14.94	15.20
Nippon Credit 6¼ 86	0⅛	96⅞	97⅛	12/7	14.44	14.90
Nippon Credit 5¾ 87	†0¼	97⅛	97⅝	8/5	14.69	15.06
Royal Bk. Scot. 5¼ 94	§†0¼	98	98⅛	11/4	14⅛	14.89
Soc. C. de Bque. 6¼ 87	0¼	96⅛	96⅞	3/4	13⅛	13.71
Sogenal 5¾ 89	§0⅛	96⅛	96⅝	13/7	14.44	14.94
Standard Chart. 5¼ 90	0⅛	96	96⅛	6/9	5⅛	5.34
Sweden 8¾ 91	†0¼	96⅞	97⅛	18/4	14.44	14.87
TVO Pwr. 9 91 (D-lock)	0⅛	99⅛	97⅛	24/5	15.31	15.31
Williams & Glyn 5⅝ 91	0¼	97½	98	14/3	13	13.30
Bq. E. d'Alg. 4⅝ 89 SF	0⅛	92	92½	18/6	6.69	7.26

Average price changes. On day +0½ on week +0¼

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
AGA Aktbolag 7⅞ 89	10/79	145	†118	117	−2½	−5.75
Ajinomoto 7¾ 96	2/80	818	89⅛	99⅛	−1⅛	3.88
Alco Int. Fin. 9¾ 94	1/80	40	92	93	−0⅛	22.31
Asahi Optical 7 94	11/79	605	78	79	+0⅛	2.09
Canon 6¾ 94	8/79	570	98⅛	99⅛	−0⅛	2.63
Ciba-Geigy O/S F. 4 94	9/79	676	88	89½	−0⅛	12.75
Credit Suisse 4¾ 93	10/79	1325	98	100	−2⅛	−4.38
Daiei Inc 6½ 94	11/79	1070	89⅛	90⅞	+0⅛	21.48
Enserch Fin. 9½ 94	7/80	40.75	*111	112	−0⅛	10.14
LPC Internatnl. 8 89	9/79	23.39	116⅛	117½	−6⅛	−1.74
Meidensha Elec. 7 94	12/79	210	86⅛	87½	+0⅛	[illegible]
Mitsubishi Cp. 6½ 94	10/79	604	114⅛	115⅛	+2	6.37
Nippon Seiko 7⅛ 94	12/79	339	*109½	100½	+0⅛	2.78
Nitto Elec. Ind 6 94	7/79	735	†65½	66⅛	−3⅛	−0.72
Toshiba Cpn. 7⅛ 94	10/79	199	88⅛	89⅛	−0⅛	−1.78
Union Bk. Switz. 5 89	2/80	125	98	97⅛	−1⅛	−6.85
Fujitsu 5 84 DM	7/79	475	93⅛	94	+0⅛	21.33
Kansai Elec. 4 84 DM	4/79	1334	87⅛	88⅛	−0⅛	49.45
Tokyu Ld. Cp. 4 86 DM	4/79	493	72⅛	73⅛	−0⅛	34.63
Uny Co. 6½ 85 DM	11/79	1071	86⅛	87⅛	−0⅛	25.37

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate († three-month: § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Profits at Ciba-Geigy dip as fixed costs mount

BY JOHN WICKS IN ZURICH

INCREASED fixed costs ate into profit margins at Ciba-Geigy last year reducing the Swiss chemical group's profits for the second year in succession despite higher sales.

After tax group profits fell by SwFr 33m to SwFr 327m ($192m) for 1979 with profit margins narrowing from 4 per cent to 3.3 per cent. Back in 1973 Ciba's ratio of earnings to sales stood at 7 per cent.

However, the company points out that heavier depreciation meant group cash-flow reached SwFr 957m, or only SwFr 5m less than in 1978. Sales rose by 11 per cent to SwFr 9.89bn, and the group is to recommend an unchanged dividend of SwFr 22 per share and participation certificate.

The gap between sales development and that of profits is attributed by Ciba partly to the fact that fixed costs and expenses grew faster than in 1978. It was "impossible" to raise selling prices accordingly. Apart from the rise in fixed costs, the price of raw materials increased noticeably in the second half of 1979 after some years of stable or even declining prices.

Currency fluctuations were much less marked than in 1978, but are still said to have "cut a considerable sum from our profit."

Capital expenditure amounted to SwFr 598m last year, or SwFr 44m up on the 1978 figure. Total depreciation, at SwFr 630m, exceeded the investment figure. After distribution of dividend, self-financing of SwFr 851m was sufficient to cover both capital expenditure and acquisitions during 1979. Research and development spending was up SwFr 62m to SwFr 824m.

Plastics and additives produced the sharpest sales rise last year, although all divisions achieved "distinct growth." Newly acquired companies contributed about a quarter of the 11 per cent increase in sales.

Sales of the parent company increased 7 per cent to SwFr 3.9bn, but the increase was mainly due to a 10 per cent rise in deliveries to group companies, whereas direct deliveries to customers "stagnated."

Euroc tops forecast and raises dividend

By Victor Kayfetz in Stockholm

BY ENDING 1979 with its best four-month period of the 1970s, Euroc, the Swedish building materials and industrial group, overcame last winter's losses to post a pre-tax profit of SKr 70m ($16.7m) for the year. In October the company predicted earnings about the same as the SKr 52m achieved in 1978.

The Board recommends raising the dividend by SKr 1 to SKr 8 per share. The preliminary report states that earnings per share were SKr 8.95, up from SKr 6.75.

Most divisions showed better earnings in 1979 than in the preceding year, with especially good performances by Ifoe Sanitaer (sanitary porcelain), Siporex (insulation), Euroc Trade, A-Betong/Sahema (concrete prefabricated elements) and Ifoe Electric Laagspaenning (Indoor electric equipment).

Group sales rose by 14 per cent to SKr 3.3bn ($787m). The share represented by markets outside Sweden increased from 43 to 44 per cent.

Extraordinary items caused a net loss of SKr 17m, against a gain of SKr 10m in 1978. After appropriations, taxes and dividend payments to minority interests, net profit was SKr 64m, down from SKr 70m.

Euroc forecasts a continued improvement in pre-tax profit during 1980.

Euroc lost SKr18m during January-April last year mainly because of the severe winter in Europe and the revolution in Iran. This compared with a pre-tax profit of SKr9m in the first four months of 1978.

But May-August brought pre-tax earnings of SKr29m and the figure for September-December was SKr59m, against SKr19m and SKr34m

Upsurge in Alusuisse earnings

BY OUR ZURICH CORRESPONDENT

INCREASED profits and sales are reported for 1979 by Alusuisse, the Swiss group which is one of the world's major producers of light metals.

Sales last year rose by almost 17 per cent to SwFr 5.78bn while after tax earnings were a fifth higher at SwFr 112.6m ($66m). Margins widened, and cash flow expanded by 10 per cent to SwFr 473.1m.

Parent-company net profits increased by 15.3 per cent to SwFr 51.71m, the highest level since the record SwFr 63m achieved in 1974. The Board recommends an unchanged dividend of 8 per cent.

The April 18 annual meeting will be called on to approve the creation of participation certificates (non-voting shares), which are intended as an "instrument for long-term financing and acquisitions." While shareholders will be asked to approve a participation-certificate capital of SwFr 150m, the first issue, with dividend entitlement backdated, will be of only SwFr 35m.

Shareholders would be able to obtain these in the form of a stock dividend, with two bearer shares or four registered shares entitling them to one participation certificate of SwFr 50 nominal value. Since the cash dividend is of SwFr 40 per bearer share and SwFr 20 per registered share, this means that Alusuisse will raise an initial SwFr 56m.

* * *

CONSOLIDATED cash flow of the Brown Boveri group in 1979 is likely to have been "significantly" below the previous year's figure. This is stated by Swiss parent company BBC Brown Boveri, which last November forecast a drop in cash-flow and drew attention to pressure on selling prices.

Group turnover, which in 1978 decreased by 1.1 per cent for foreign-exchange reasons, went up by 9 per cent last year to SwFrs 8.8bn ($5.14bn) and passed the 1974 record of SwFrs 8.43bn.

In the face of this increase in sales, consolidated order inflow was down by 8 per cent to about the same figure of SwFrs 8.88bn.

In contrast to the decline in group cash flow, the Swiss parent showed net profits of SwFrs 41.8m, or fractionally more than in the previous year.

BANKING IN EUROPE

Slowdown for ABN in second half

BY CHARLES BATCHELOR IN AMSTERDAM AND TERRY DODSWORTH IN PARIS

A FURTHER reflection of the sluggish trading conditions experienced by banks in Holland last year is provided by the 1979 results of Algemene Bank Nederland.

ABN's net profits were practically unchanged in 1979. Taking into account the increase in outstanding capital, profit per share fell for the first time in five years. ABN plans to pay an unchanged dividend.

The bank, which is the second largest in the Netherlands in terms of balance-sheet total, said that net profit was Fl 273.2m ($141m) compared with the Fl 271.2m of 1978. Gross profit fell by 5 per cent to Fl 626.5m following a decrease in interest rate margins both at home and abroad and the impact of exchange rate fluctuations.

The result was also adversely affected by lower income on securities business and by the need to set aside Fl 13.1m to meet future liabilities for early retirement schemes.

The bank proposes paying a final dividend of Fl 13, bringing the total payment to an unchanged Fl 25 per share. Shareholders may opt to receive the final payment in cash or as Fl 7.50 in cash and Fl 2.50 nominal value of ordinary shares.

ABN set aside Fl 150m as a provision for general risks compared with Fl 140m in 1978, and reserved Fl 198.5m for tax compared with Fl 238.2m.

The results reflect the more difficult conditions with which banks had to contend last year, in particular in the second half of 1979. ABN's rival bank Amsterdam-Rotterdam Bank, recently reported a sudden slow down in its rate of profit growth, which tailed off to only 8 per cent for 1979. Amro's dividend was also following a decline in per share profits of 4 per cent.

Trading patterns among banks in France were markedly different. Two of the most influential private banks, Credit Commercial de France and Credit du Nord, emerged from last year's unexpectedly buoyant economic conditions with sharply increased profit.

Consolidated group profits at CCF went up by 27 per cent to FFr 128m ($32m) against FFr 101m in the same period of 1978. The parent company results, by contrast, saw only a modest progress in profits from FFr 79m in 1978 to FFr 86m last year, but deposits were up by almost 18 per cent from FFr 16.7bn to FFr 19.7bn.

The profits increase at Credit du Nord amounted to 38 per cent, from FFr 25.5m to FFr 35.3m. This result was struck after taking account of a long-term loss of FFr 19.9m. Credit du Nord says that its deposits also rose last year by almost 12 per cent, while its balance-sheet total went up in the same order to reach FFr 38bn.

● Banque Gadouin et de Developpement Industriel et Commercial, a French private bank in which Union Planters Corporation of the U.S. has a 20 per cent interest, has asked the Bank of France to appoint a temporary administrator while an appreciation of the bank's assets is carried out.

Provisions hamper Banco de Vizcaya

BY ROBERT GRAHAM IN MADRID

BANCO DE VIZCAYA, Spain's fifth largest commercial bank, has raised post-tax profits for 1979 by 10.5 per cent to Pta 3.57bn ($54m). The result was achieved after setting aside Pta 6.8bn ($104m) to cover doubtful debts, writing down its equity portfolio and amortisations.

The need to make such a substantial provision reflects the way in which Spain's four-year recession is now affecting bank results. This is particularly the case of banks like Vizcaya which traditionally have been involved in industries such as steel and shipbuilding—among the worst-affected sectors in the current crisis.

Vizcaya's provision in this respect is 31 per cent up on 1978. Over the past five years the bank has made provisions of $250m, the main one concerning cover for doubtful debts, up from Pta 2.8bn to Pta 4.98bn.

Unlike some banks last year Vizcaya continued to expand and recorded above-average growth in both deposits and investments. Deposits increased 24 per cent to Pta 456bn and investment rose 16 per cent to Pta 378bn. Gross earnings were up 33 per cent to Pta 70bn, but financial costs rose 47 per cent. Overall, the return on total resources employed declined during the year from 0.91 per cent to 0.83 per cent.

Profits were sustained in part by tighter management and greater productivity and through a lower overall tax burden due to incentives to investment.

Vizcaya's strong international position also helped. It is the most active Spanish bank in international finance and 10 per cent of its investment is in foreign currency. Foreign operations accounted for 22.7 per cent of profits. The bank has also shown its profits inflation adjusted. On this basis the net profit was Pta 2.69bn.

This year's accounts are the most detailed yet and follow certification by international accountants. Only two of the large banks in Spain, Vizcaya and Popular, have been internationally audited.

The bank's consolidated accounts, which include the results of its industrial arm, Induban and other insurance and investment companies, show total pre-tax profits of Pta 5.2bn ($80m) on gross earnings of Pta 77bn.

Induban recorded a net profit of Pta 422m after Pta 1.3bn had been set aside for doubtful debts and portfolio adjustments. The bank is setting aside Pta 3.57bn for a dividends equivalent of Pta 80.4 per share.

Vizcaya also gave details of its recent purchase of 65 per cent in the Banko de Credito Comercial. It said it had paid Pts 1.29bn ($1m). In addition, it was making a special loan to Bank of Granada of Pts 480m. Granada, which collapsed a year ago is now in the so-called "bank hospital," the Corporacion Bancaria, previously had the 65 per cent stake in Banco de Credito Comercial.

Setback for German engineer

BY ROGER BOYES IN BONN

WEST GERMAN engineering and shipbuilding group, Orenstein und Koppel, reports sluggish sales growth and has been unable to match the modest 1978 profit of DM 11.3m.

O und K's export orientation —43 per cent of its sales were abroad last year—has exposed it to the problems of a hard currency and to a lapse in overseas demand for large-scale plant machinery. High costs of product development have also eroded the earnings position.

The Dortmund-based group saw turnover rise to DM 1.34bn from DM 1.31bn in 1978, while parent company sales edged up by 4 per cent from DM 1.13bn to DM 1.18bn. Over half of the parent company turnover comes from the sale of heavy construction machinery — the company specialises in earth-movers, ranging from small mobile hydraulic excavators to large bucket-wheel excavators.

The shipbuilding side of the business continues to cause problems and turnover in the division dropped last year. This was partly because of the overall crisis in the shipping sector although O und K's specialisation in dredgers and support machinery like deck cranes has protected it from the worst of the depression. Considerable new orders were registered in the ships division in 1979 but they will only show up in this year's turnover figures.

The overall orders position is relatively healthy—up by 15 per cent to DM 1bn last year—but the main brunt of demand is coming from German customers which, for a traditional exporting company, is causing some concern.

Most orders have been for the construction machinery sector, reflecting the economic upswing in Germany last year, the high investment confidence and the domestic building boom. But according to most estimates West German growth is expected to be half that of 1979 and the building boom is already showing signs of cooling off. This will reinforce the need for O und K to stay active in the export field.

The company has not been specific about profits for 1979, saying simply that it would not reach the 1978 level. The 1978 level, however, was itself a fall from 1977's net earnings of DM 11.7m.

Nonetheless the new orders, plus orders in hand of DM 460m, will mean that O und K's capacity will be used efficiently in the coming year.

Cardo expects to maintain income

BY OUR STOCKHOLM CORRESPONDENT

CARDO, the investment group which owns the Swedish Sugar Company and the Hillesbög seed group, expects its pre-tax profit for the year ending April 30 to reach SKr 202m ($48.1m), marginally higher than the SKr 199m recorded for 1978-79.

The eight-month forecast also says turnover for the year will rise by 7 per cent to SKr 1.52bn and that operating earnings before depreciation will drop from SKr 251m to SKr 249m. During May-December, pre-tax profit was SKr 127m, down from SKr 129m in the same eight months of 1978. Sales rose by nearly 9 per cent to SKr 921m.

Although the 1979 beet harvest had a very high sugar content and sugar production, at 322,000 tonnes, was the second highest ever, the Swedish Sugar Company's operating earnings will drop from SKr 143m to SKr 140m this year because of higher energy costs at refineries.

Hilleshög, on the other hand, can expect operating earnings to rise from SKr 98m to SKr 102m, with turnover for the year up by 12 per cent to SKr 355m.

Cardo's investment portfolio is expected to bring operating earnings of SKr 46m for the SKr 41m.

Portfolio down at Swedish pension fund

By Our Stockholm Correspondent

SWEDEN'S Fourth National Pension Fund, the only state-run fund among four such funds which is authorised to invest in the stock market, reported earnings in 1979 of SKr 66.6m ($15.9m), compared with pre-tax profit of SKr 51.6m in the previous year.

In December, Parliament freed the Fourth fund from taxation, effective from 1979, but under revised rules the fund now contributes 80 per cent of its earnings to the other three funds to help them meet current pension payments.

The market value of the Fourth fund's share and bond portfolio at year-end 1979 was SKr 1,044m, or SKr 82m below purchase price. Cash and bank deposits stood at SKr 256m, down from SKr 309m.

Taking into account realised losses, the fund's portfolio dropped in value by about 3 per cent during 1979, somewhat more than the general index compiled by Affaersvaerlden, the business weekly.

The Fourth fund's biggest share purchases last year were in the pharmaceutical company, Astra; the engineering groups, Atlas Copco, Electrolux, L. M. Ericsson and Volvo; the metals group, Sandvik; and the forest products company, SCA. New to the portfolio, which at year-end contained 36 companies, were SKF and Uddeholm, while the fund sold its stake in Billerud - Uddeholm and Graenges.

The fund's largest holding at the end of 1979 was in Astra, followed by Sandvik, Ericsson and the industrial gas and heat engineering group, AGA.

هكذا من الأصل

SA explosives industry faces monopoly inquiry

BY BERNARD SIMON IN JOHANNESBURG

THE SOUTH AFRICAN Government has ordered an official inquiry into alleged monopolistic practices in the R175m ($215m) a year explosives industry. The industry is dominated by AECI, South Africa's largest chemicals procer, in which ICI has a 40 per cent stake. De Beers has an effective interest of 27.3 per cent.

The inquiry has apparently beeo prompted by the efforts of a small local company, National Process Industries, to break into AECI's monopoly on the supply of explosives to the mining industry, by far the biggest user. NPI's product is a water gel explosive, known as Tovex, which it manufactures under licence from the U.S. chemicals group, Du Pont.

NPI has argued that Tovex is both cheaper and more effective than the dynamite-type explosives which AECI has sold to the chamber of mines under an exclusive contract for the past 50 years. The contract reportedly guarantees AECI a 17.5 per cent return on capital.

AECI yesterday refused to comment on the official investigation. It has pointed out io the past however, that its prices for explosives are still among the cheapest in the world. Moreover, it says that the contract with the mioes means that in return the benefits it derives, AECI has to maintain at least two explosives factories and to keep a month's stock to ensure continuity of supplies.

The company also points out that it and the Chamber have agreed to Tovex being tested by the mines. This is currently being done. The investigation into the explosives industry is the first to be undertaken in terms of the Government's new anti-monopoly law, which came into force at the beginning of the year. It provides for fines of up to R100,000 in cases where mooopolies or other restrictive business practices are judged to be contrary to the public interest.

Strong growth at Bank Hapoalim

BY L. DANIEL IN TEL AVIV

BANK HAPOALIM, Israel's second largest bank and which is controlled by the Labour Federation, raised its 1979 net operating income by 140 per cent to I£2.4bn ($63m) from I£999m in 1978. Net operating income before tax rose to I£6bn from I£2.5bn.

The bank's consolidated balance sheet total at end-1979 amounted to I£496bn ($14bn) at the end-year exchange rate, representing a rise of 129.5 per cent in terms of the Israeli currency and of 22.8 per cent in U.S. dollar terms over 1978. The figure of 129.5 per cent compares with the rise in the consumer price index of 102.5 per cent between December 15, 1978, and December 15, 1979. The rise for calendar 1979 was almost 115 per cent and that of the dollar vis-a-vis the Israeli pound 85 per cent.

The bank will pay unchanged casb divideods of 12.5 per cent on ordinary shares, of 15.5 per cent oo preferred, and of 6.0 per cent on founder shares. However, the bonus share distribution is to be raised to 45 per cent, from 35 per cent in 1978—and this on a fully diluted basis, the bank having raised I£1.3bn of new capital in 1979.

In addition to its 307 branches in Israel, Bank Hapoalim is expandiog its international network, with last year's efforts coocentrated on the Americas, opening a new branch in Philadelphia, while two branches were established io Uruguay by a baokiog company set up by Bank Hapoalim (Switzerland). Two new branches were opened in Luxembourg.

Baok Hapoalim (Switzerland) ended its fourth year of operations showing substantial growth in all areas, with total assets increasiog by 41.9 per cent.

The Swiss bank's balaoce sheet for 1979 totalled SWFr 369.1m, up from SwFr 260.2m in 1978. Net profits were up from SwFr 1.48m in 1978 to SwFr 2.21m in 1979. In addition to increased leodiog activities, the bank expanded the operatioos of its investmeot division.

Bank Hapoalim (Switzerland) ended its fourth year of operatioos showing substantial growth in all areas, with total assets iocreasing by 41.9 per cent.

The Swiss bank's balance sheet for 1979 totalled SwFr 369.1m up from SwFr 260.2m in 1978. Net profits were up from SwFr 1.48m in 1978 to SwFr 2.21m in 1979.

Carpenter raises earnings and payment

By James Forth in Sydney

W. R. CARPENTER Holdings, the diversified industrial and island trading group, has raised its interim dividend from 5.5 cents to 6.5 cents a share following a 44 per cent lift in profit for the December half year. Earnings for the period rose from A$ 4.21m to A$ 6.1m (US$ 6.7m). Last year the company declared a final dividend of 7 cents, to make a total payout of 12.5 cents a share.

The higher profit continued the improvement evident in the first quarter when profits rose 42 per cent.

Group turnover for the six months rose 27 per cent to A$ 20bn (US$ 26m).

The directors said the main areas of improvement were the Daltons paper and packaging division, The Clande Neon lighting group and the property development and finance divisions. Losses in the Arrowfield wine division were reduced by 78 per cent and the directors said that geologists were at present assessing a coal deposit.

Southern Pacific Insurance, which Carpenter has sold since December 31, reported break-even results compared with a profit of A$ 874,725 in the previous December half-year.

Bid to boost Japanese bond market

BY RICHARD C. HANSON IN TOKYO

THE FINANCE MINISTRY'S effort to shore up the Japanese bond market is having a limited effect. The authorities last Friday bought about Y100bn (equivalen to some $400m) in Government bonds from the sagging secondary market, bringing the price of its 6.1 per cent boods due in 1988 up from 81.95 per cent before the intervention to an upper limit of 82.20 per cent at the start of trading this week.

This is the first instance of intervention since the Government last mooth announced its latest resolve to help the market. The funds to buy the bonds from the secondary market come from a special Government bond consolidation fund. It is expected that the Government will mop up another Y200bn-Y400bn in the near future.

The Finance Ministry has also cut back on the amount of bonds it plans to issue this month from an original figure of Y900bn to Y600bn.

Last month the Bank of Japan also raised its official discount rate, by 1 per cent to 7.25 per cent. This made it possible to raise the issuing coupon on Government bonds by 0.3 per cent to 8 per cent, from this month. The move, however, did little to boost the market (where secondary market yields for Government bonds are nearing the 10 per cent mark).

The market is already expecting further increases in the discount rate, perhaps to as much as 9 per cent, over the next few months as inflationary pressures in Japan continue to mount.

Meanwhile, the gloomy medium-term outlook for the bonds is prompting some of the smaller Japanese City banks to change the way in which they value their large Government bond holdings when preparing half-year accounts.

The City banks in the half-year ended last September all reported heavy valuation losses on their Government bond holdings because of a 13 per cent drop in the bond market over the previous six mooths.

The banks are obliged to absorb a large share of the Government bond float each year.

Starting with the March half-year, four City baoks have said they will switch to valuing their Government bonds on the basis of the cost when purchased rather than the cost-or-current-market-value (whichever is lower) method.

The banks are Taiyo Kobe, Saitama, Kyowa and Hokkaido Takusboku. The Bank of Tokyo is considering a change in valuation methods from the September half-year.

The larger banks are opposed to changing the valuation method which the Finance Ministry proposed.

Building revival lifts Boral

BY OUR SYDNEY CORRESPONDENT

BORAL, the major building products group, continued its strong growth record of recent years with a 33 per cent boost in earnings for the December half-year, from A$12.5m to A$ 16.7m (U.S.$ 18.3m). The interim dividend is held at 6.25 cents and will be paid on capital increased last November by a one-for-five scrip issue.

The group's improvement, spread across all its major operating divisions, was aided by the revival in the building industry, especially in New South Wales and Queensland. The directors said that the excellent results achieved had continued into the current trading period, and that there was every indication that the full year's result would be most satisfactory.

Group sales increased 20 per cent to A$228m (US$250m). Boral's strong local results were matched by its overseas operations and the directors pointed to "very satisfactory" results in the U.S. Although the U.S. building industry had experienced some slackening in demand the directors said, there had been little evidence of any downturn in the area in which Boral operated.

The tile plant in Texas had started operations during the period on a limited scale and would soon be on full production. The directors said that Boral had agreed to buy a company in Australia, South Western Asphalt Pty., which operated in Western Victoria and South Australia. The concrete products division was being upgraded to meet higher demand.

Setback for sauce maker

By Yoko Shibata in Tokyo

KIKKOMAN SHOYU, Japan's lareest soy sauce brewer, suffered a setback in earnings for the fiscal year ended December, partly as a result of the higher cost of imported raw materials.

Kikkoman's operating profits fell 19.9 per cent on the year to Y3.85bn ($15.4m). Net profits declioed by 4.1 per cent to Y3bn, on sales of Y122.8bn ($490m), up 5 per cent. Per-share profits fell back to Y20.00 from Y22.07.

GOPENG CONSOLIDATED LIMITED

Extracts from the Statement of the Chairman, Mr. J. D. Hellings, O.B.E., F.I.M.M., circulated with the Report and Accounts for the year ended 30th September, 1979

The Consolidated Accounts for the group's financial year ended 30th September, 1979, show a gross mining profit before depreciation of £4,155,162 compared with £2,856,355 for the previous year.

At the mines, production from higher grade ground and better tin prices were together responsible for the substantial increase in profitability for the year under review. The average price per picul tin ore received rose from $919 per picul to $1,027 per picul. Water supplies, and hence power supplies were once more affected by drought conditions. The new mining methods introduced during the previous year cootinued to be developed, and control over mining costs was well maintaioed.

At the rubber estates, despite lower crops due to high acreage under replanting, and a continuation of the abnormally dry weather cooditions of previous years, profit showed a reasonable increase over that of the previous year.

After taking into account investment income of £427,331 and other sundry revenue, and allowing for depreciation aod other charges, the overall profit for the group before taxation and exchaoge adjustmeots amounts to £4,247,027. The ultimate balance available for the year is £1,801,989 from which dividends of 25 pence per share have been declared compared with 18 pence in the previous year.

In the first four months of the current financial year 11,176 piculs (675¾ metric tons) of tio ore have beeo produced compared with 10,769 piculs (651 metric tons) during the correspondiog period last year.

It will be ooted that the General Manager's view is that both tio ore and rubber production will be sligbtly lower during the current financial year.

The joint developmeot of Mambang Di-Awan Seodirian Berhad with the Syarikat Permodalan dan Perusahaan Perak Berhad, continues to proceed satisfactorily. Good progress has been made with the construction of a new dredge for the Kampar Leases, aod it is anticipated that dredging operations will be commenced toward the end of 1980.

The United States Congress eoacted legislation oo the 2nd January of this year authorising the sale in that country of 35,000 long tons of tin metal.

The United States Government, as a signatory to the 5th International Tin Agreement, has informed the Council of its proposed disposal programme, and the outcome of the coosultations are awaited with interest, particularly as to the way in which the relevant clauses io the Agreement are to be operated, to ensure that any such releases made will be made with due regard to the protection of producers, processors and consumers against disruption of markets and agaiost adverse consequences to exploration for the developmeot of new supplies.

On the assumption that these safeguards are adequate and that the proposed stockpile releases are made without uodue disruption to the metal price, and hence the tenor of normal mining operations, our prospects for the current year are good, and should compare favourably with the year past.

Romney Trust Limited

Year ended 31st December	1979	1978
Value of net assets	£32,943,961	£34,337,061
Gross revenue	£2,603,308	£2,136,899
Per 25p stock unit:–		
Net asset value	118.5p	123.9p
Earnings	4.61p	3.09p
Dividend	4.39p	3.00p

The Chairman, Mr. S. G. Brooksbank, F.C.A., comments:

The Directors continued the policy of retaining a substantial proportion of the Trust's investments overseas, mainly in the USA. Despite some sales of premium dollars ahead of the Government's decision to eliminate the premium, the resulting loss was the principal factor in the Trust's under-performance by comparison with the All-Share Index.

During the year approximately £1.7 million of the company's convertible loan stock was bought and cancelled.

The ending of dividend controls in the UK resulted in special dividend payments, mainly from Shell and Unilever, representing earnings of 0.69p per share and total earnings for the year rose by almost 50 per cent. It is recommended that this should be reflected in a final dividend of 2.70p plus a special dividend of 0.69p to reflect the special non-recurring dividend payments received during 1979.

Copies of the Report and Accounts are available from the Secretaries, Lazard Brothers & Co. Limited, 21 Moorfields, London EC2P 2HT.

O ye of little faith

If of late your thoughts about Leyland have not been entirely pure, here before you is an opportunity to mend your ways and get back on to the path of righteousness.

It's called the T45 Roadtrain, the new heavy duty articulated truck from Leyland that has already got the competition more than a little anxious.

T45

And not without good reason. Roadtrain is not only more advanced than any previous Leyland, it's ahead of anything else on the road.

But Roadtrain is no miracle. It's the result of massive investment and the bringing together of some of the finest brains in the country.

Plus the application of advanced technology where it can be used to the greatest effect.

Roadtrain 16.28 is the first of a new generation of Leyland trucks. As Truck Magazine so aptly put it, "Roadtrain re-writes on-the-road standards for heavy trucks."*

And who can knock a quote like that. However, to those amongst you whose heads have recently been turned by lesser trucks...it's not too late to repent.

ROADTRAIN

Leyland Vehicles
Delivering the goods.

*TRUCK MAGAZINE NOVEMBER 1979

Dollar firm

THE DOLLAR improved against most major currencies yesterday, underpinned by higher U.S. prime rates. Both the Swiss National Bank and the West German Bundesbank supported their respective currencies in an effort to stem the dollar's rise. Sterling suffered especially against the U.S. unit particularly after heavy selling in Chicago, while the Japanese yen improved on the latest yen support package announced over the weekend. However, there was no real pressure on any one currency and trading during the afternoon tended to be on the thin side.

Against the D-mark the dollar finished at DM 1.7830 compared with DM 1.7765 on Friday and was stronger against the Swiss franc at SwFr 1.7140 from SwFr 1.7020. In terms of the Japanese yen the dollar fell back to Y247.8 from Y251.6, but only after heavy intervention during the day including support action by the Swiss National Bank. On Bank of England figures, the dollar's trade weighted index remained unchanged at 86.6, which failed to reflect the dollar's late improvement.

Sterling fell against most currencies, but notably against the dollar. It finished at $2.2415-2.2425, a fall of 3.1c from Friday. It opened at $2.2675-2.2685 and touched a high of $2.2690 before coming back in the afternoon on selling in the U.S. to a low of $2.2400. The pound's overall decline was reflected in its trade weighted index, which fell to 72.6 from 73.2, having stood at 73.0 at noon and 72.9 in the morning.

D-MARK—Strong overall, but weaker recently until last week's rise in the West German discount rate—The D-mark was firmer against its EMS partners but eased against the U.S. dollar. The U.S. unit was fixed higher at DM1.7799 against DM1.7723 on Friday, but below a morning high of DM1.7835. This was only after an estimated $54m was spent by the Bundesbank at the fixing, defending the mark, and an unspecified amount in open dealings. Elsewhere the D-mark improved, with the French franc easing to DM42.66 per FFr 100 from DM42.68, and the Danish krone lower at DM32.04 per DKr 100 from DM32.12. Sterling was fixed lower at DM4.0370 against DM4.0410.

FRENCH FRANC — Weaker recently on inflation fears, having been top of the EMS earlier this year—The franc was slightly firmer overall after yesterday's fixing, with the U.S. dollar improving to FFr 4.1737½ from FFr 4.1532½, while sterling fell to FFr 9.435 from FFr 9.4560. The D-mark was fixed higher at FFr 2.3441 against FFr 2.3433, but the Belgian franc eased to FFr 14.435 per BFr 100 against FFr 14.4410.

DANISH KRONE — Basically weak, suffering two devaluations since EMS began last March—The krone lost ground against all its EMS partners as well as sterling and the U.S. dollar. The dollar rose to DKr 5.5590 from DKr 5.5150 and sterling was fixed higher at DKr 12.5870 compared with DKr 12.5670. The D-mark was stronger at yesterday's fixing at DKr 3.1237 from DKr 3.1160 while the French franc improved to DKr 1.3335 against DKr 1.3310 at Friday's fixing.

JAPANESE YEN — Energy problems reflected in sharp decline last year, but steadier until recent weeks when downward pressure has been renewed —The yen improved on the latest Government support package, and the dollar eased to Y247.975 from Y249.775 on Friday. However this was only after heavy intervention by the Bank of Japan, estimated at some $600m for yesterday alone. With interest rates remaining high in Western Europe and the U.S., dealers felt that the Japanese authorities may have to act further if the yen is to remain stable.

THE POUND SPOT AND FORWARD

March 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.2400-2.2690	2.2415-2.2425	0.60-0.50c pm	2.94	1.15-1.05 pm	1.96
Canada	2.5600-2.5970	2.5610-2.5620	1.40-1.30c pm	6.32	3.40-3.30 pm	5.23
Nethlnd.	4.38-4.45	4.39-4.40	3½-2½c pm	7.17	7½-6¼ pm	6.03
Belgium	64.80-65.65	64.85-64.95	25-15c pm	3.70	60-50 pm	3.39
Denmark	12.44-12.61	12.45-12.46	2-3½ore dis	−2.65	5½-7¼ dis	−2.11
Ireland	1.0825-1.0960	1.0828-1.0838	par-0.04p dis	−0.22	0.05 pm-par	−0.09
W. Ger.	3.98-4.05	3.99½-4.00½	4¼-3¼pf pm	11.25	10¼-9¼ pm	8.75
Portugal	108.25-108.85	108.35-108.55	5c pm-20 dis	−0.83	15-75 dis	−1.66
Spain	150.60-152.50	150.65-150.75	5-35c dis	−1.59	55-105 dis	−2.12
Italy	1,851-1,871	1,851½-1,852½	1½lire pm-¼ dis	0.48	2½-4½ dis	−0.81
Norway	11.04-11.18	11.04½-11.05½	6½-5ore pm	6.24	14½-12½ pm	4.84
France	9.36½-9.47	9.37-9.38	5¼-4¼c pm	6.08	11½-10½ pm	4.59
Sweden	9.48½-9.61½	9.49-9.50	5-3½ore pm	5.37	12-10¼ pm	4.74
Japan	552-567	555-558	4.35-4.05y pm	8.96	10.85-10.55pm	7.70
Austria	28.55-28.92	28.58-28.63	27-23gro pm	10.48	74-67 pm	9.86
Switz.	3.83½-3.89½	3.84-3.85	5½-4½c pm	15.60	13-12 pm	13.0

Belgian rate is for convertible francs. Financial franc 66.50-66.60. Six-month forward dollar 1.75-1.65c pm. 12-month 2.95-2.85c pm.

THE DOLLAR SPOT AND FORWARD

March 3	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.2400-2.2690	2.2415-2.2425	0.60-0.50c pm	2.94	1.15-1.05 pm	1.96
Ireland†	2.0700-2.0735	2.0700-2.0715	0.42-0.35c pm	2.23	1.15-1.07 pm	2.14
Canada	1.1426-1.1445	1.1430-1.1433	0.34-0.31c pm	3.41	0.93-0.88 pm	3.17
Nethlnd.	1.9580-1.9605	1.9595-1.9605	0.83-0.73c pm	4.77	2.16-2.06 pm	4.31
Belgium	28.89-28.96½	28.94-28.96	4½-3c pm	1.55	16-13 pm	2.00
Denmark	5.5520-5.5625	5.5610-5.5625	2.10-2.60ore dis	−5.07	5.00-5.50dis	−3.77
W. Ger.	1.7780-1.7845	1.7825-1.7835	1.33-1.23pf pm	8.61	3.68-3.58 pm	8.14
Portugal	48.32-48.50	48.44-48.50	8-18c dis	−3.22	20-45 dis	−2.68
Spain	67.20-67.26	67.22-67.26	15-30c dis	−4.01	60-80 dis	−4.15
Italy	824.40-826.10	825.60-826.10	1.6-2.1lire dis	−2.69	6-6½ dis	−3.09
Norway	4.9270-4.9355	4.9300-4.9310	1.70-1.20ore pm	3.53	4.30-3.80 pm	3.28
France	4.1700-4.1835	4.1815-4.1835	1.30-1.20c pm	3.59	3.15-3.05 pm	2.96
Sweden	4.2340-4.2385	4.2375-4.2385	0.80-0.60ore pm	1.98	2.55-2.35 pm	2.31
Japan	247.60-249.00	247.75-247.85	1.40-1.25y pm	6.42	3.65-3.50 pm	5.77
Austria	12.73-12.759	12.754-12.759	8.70-8.10gro pm	7.90	26.50-24.50pm	7.98
Switz.	1.7040-1.7185	1.7135-1.7145	1.90-1.80c pm	12.95	4.75-4.65 pm	10.97

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY RATES

Feb. 29	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	17	0.572155	0.620621
U.S. $	13	1.60377	1.41191
Canadian $	14	1.49256	1.61720
Austria Sch.	5¼	16.5253	17.8889
Belgian F.	12	57.3696	40.6207
Danish K.	13	7.18876	7.79375
D'Mark	7	2.31067	2.50332
Guilder	9½	2.54176	2.75326
French Fr.	9½	not avail.	5.88998
Lira	15	1070.67	1159.18
Yen	7¼	325.662	353.966
Norwgn. Kr.	9	6.46542	6.93690
Spanish Pts.	8	87.4073	94.8087
Swedish Kr.	10	6.49670	5.96280
Swiss Fr.	3	2.17564	2.69037

CURRENCY MOVEMENTS

Mar. 3	Bank of England Index	Morgan Guaranty changes %
Sterling	72.6	−33.8
U.S. dollar	86.6	− 7.4
Canadian dollar	83.3	−15.0
Austrian schilling	157.1	+24.7
Belgian franc	114.8	+16.4
Danish kroner	107.9	− 3.4
Deutsche mark	156.8	+45.6
Swiss franc	192.8	+73.6
Guilder	126.1	+20.1
French franc	101.3	−6.1
Lira	54.9	−49.6
Yen	114.5	+16.8

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER CURRENCIES

Mar. 3	£	$		£ Note Rates
Argentina Peso	3845-3865	1715-1725	Austria	28.75-28.00
Australia Dollar	2.0455-2.0495	0.9110-0.9120	Belgium	66.95-67.45
Brazil Cruzeiro	101.67-102.67	45.35-45.80	Denmark	12.55-12.63
Finland Markka	8.50-8.51	3.7810-3.7830	France	9.38-9.44
Greek Drachma	87.940-90.933	39.00-39.90	Germany	4.01¼-4.04¼
Hong Kong Dollar	11.16½-11.18½	4.9480-4.9510	Italy	1878-1940
Iran Rial	n/a	n/a	Japan	562-567
Kuwait Dinar(KD)	0.615-0.626	0.2745-0.2746	Netherlands	4.41¼-4.44¼
Luxembourg Frc.	64.85-64.95	28.94-28.96	Norway	11.13½-11.20½
Malaysia Dollar	4.9325-4.9425	2.1945-2.1965	Portugal	105½-113
New Zealand Dlr.	2.3115-2.3165	1.0310-1.0320	Spain	148¾-156
Saudi Arab. Riyal	7.55-7.65	3.3635-3.3685	Sweden	9.67-9.62
Singapore Dollar	4.9025-4.9125	2.1715-2.1735	Switzerland	3.88-3.90
Sth. African Rand	1.8080-1.8090	0.8065-0.8070	United States	2.24-2.25
U.A.E. Dirham	8.41-8.51	3.7400-3.7460	Yugoslavia	50½-52½

Rate given for Argentina is free rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 3	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	40.6340	+2.12	+1.51	±1.53
Danish Krone	7.72336	7.80858	+1.10	+0.49	±1.64
German D-Mark	2.48208	2.50197	+0.80	+0.19	±1.125
French Franc	5.84700	5.86538	+0.31	−0.30	±1.[illegible]
Dutch Guilder	2.74362	2.75179	+0.30	−0.31	±1.512
Irish Punt	0.668201	0.678014	+1.47	+0.86	±1.668
Italian Lira	1157.79	1159.87	+0.18	+0.08	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EURO-CURRENCY INTEREST RATES

The following nominal rates were quoted for London dollar certificates of deposit: one-month 16.25-16.35 per cent; three-months 16.95-17.05 per cent; six months 16.95-17.05 per cent; one year 16.30-16.40 per cent.

Mar. 3	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
†Short term	18¼-18½	16½-16¾	7⅞-8⅞	11⅛-11⅜	2-2¼	7-7⅛	12¾-13	16-17	—	7¼-8¼
7 days' notice	18¼-18½	15¾-16	7⅞-8⅞	11⅝-11⅞	2-2¼	7¾-7⅞	13-13¼	17-19	15⅞-16	9¾-10¼
Month	18½-18¾	16⅛-16⅜	12½-12⅞	11⅞-12⅛	4 1/16-4 5/16	8½-8⅝	13 1/16-13 5/16	18½-19¼	16 1/16-16 5/16	10 1/16-10 5/16
Three months	19 1/16-19 5/16	17-17¼	13⅝-14	12⅝-12⅞	5 1/16-5 5/16	8⅞-9⅛	14⅛-14⅜	20-20½	17⅛-17¼	10 13/16-11 1/16
Six months	18¾-18⅞	17-17¼	14⅛-14⅜	12⅞-13⅛	6-6¼	9¼-9⅜	14⅞-15⅛	20½-21	17¼-17⅜	10¾-11
One year	18-18⅛	16⅜-16⅝	14¼-14⅝	12⅞-13⅛	6 1/16-6 5/16	9⅜-9⅝	14⅞-15⅛	20½-21½	18½-16⅝	10¼-10½

Long-term Eurodollar two years 15⅜-15⅞ per cent; three years 15¼-15½ per cent; four years 14⅞-15⅛ per cent; five years 14¾-15 per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-day's notice. Asian rates are closing rates in Singapore.

EXCHANGE CROSS RATES

Mar. 3	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'r	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.242	4.000	555.5	9.375	3.845	4.395	1852.	2.562	64.90
U.S. Dollar	0.446	1.	1.784	247.8	4.182	1.715	1.960	826.0	1.143	28.95
Deutschemark	0.250	0.561	1.	138.8	2.344	0.961	1.098	463.0	0.640	16.23
Japanese Yen 1,000	1.800	4.036	7.201	1000.	16.88	6.929	7.912	3334.	4.611	116.1
French Franc 10	1.067	2.391	4.267	592.5	10.	4.101	4.688	1975.	2.732	69.23
Swiss Franc	0.260	0.583	1.040	144.5	2.438	1.	1.143	481.7	0.666	16.88
Dutch Guilder	0.228	0.510	0.910	126.4	2.133	0.875	1.	421.4	0.583	14.77
Italian Lira, 1,000	0.540	1.211	2.160	299.9	5.062	2.076	2.373	1000.	1.383	35.04
Canadian Dollar	0.390	0.875	1.562	216.9	3.660	1.501	1.716	723.3	1.	25.34
Belgian Franc 100	1.541	3.455	6.165	856.8	14.45	5.924	6.772	2854.	3.947	100.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on March 3, 1980. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than Scheduled Territories; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	100.0
Albania	Lek	10.00
Algeria	Dinar	8.6770
Andorra	French Franc	9.375
	Spanish Peseta	150.70
Angola	Kwanza	62.686
Antigua (S)	E. Caribbean $	6.12
Argentina	Ar. Peso Free Rate	3,855
Australia (S)	Australian $	2.0475
Austria	Schilling	28.605
Azores	Portug. Escudo	108.46
Bahamas (S)	Ba. Dollar	2.2480
Bahrain (S)	Dinar	0.855
Balearic Isles	Spa. Peseta	150.70
Bangladesh (S)	Taka	34.59
Barbados (S)	Barbados $††	4.4840
Belgium	B. Franc	(cm) 64.90
		(fn) 66.55
Belize	B $	4.4840
Benin	C.F.A. Franc	470.925
Bermuda (S)	Bda $	2.2420
Bhutan	Indian Rupee	18.16
Bolivia	Bolivian Peso	56.60
Botswana (S)	Pula	1.7800
Brazil	Cruzeiro ‡‡	102.17
Brit. Virgin Isles (S)	U.S. $	2.2420
Brunei (S)	Brunei $	4.9075
Bulgaria	Lev	1.9170
Burma	Kyat	15.23
Burundi	Burundi Franc	205.04
Cameroon Republic	C.F.A. Franc	470.925
Canada	Canadian $	2.5615
Canary Islands	Spanish Peseta	150.70
Cape Verde Isle	Cape V. Escudo	82.65
Cayman Islands (S)	Cay. Is. $	1.8666
Cent. Af. Repub.	C.F.A. Franc	470.925
Chad	C.F.A. Franc	470.925
Chile	C. Peso	(Bk) 88.14
China	Renminbi Yuan	3.4480
Colombia	C. Peso	(F) 101.24
Comoro Islands	C.F.A. Franc	470.925
Congo (Brazaville)	C.F.A. Franc	470.925
Costa Rica	Colon	19.45
Cuba	Cuban Peso	1.6148
Cyprus (S)	Cyprus £	0.793
Czechoslovakia	Koruna	(com) 11.85
		n/c 23.68
		(T) 17.26
Denmark	Danish Krone	12.456
Djibouti	Fr.	390.0 (sg)
Dominica (S)	E. Caribbean $	6.12
Dominican Repub	Dominican Peso	2.2420
Ecuador	Sucre	(O) 56.66
		(F) 68.90
Egypt	Egyptian £	(U) 1.50
Equatorial Guinea	Peseta	150.70
Ethiopia	Ethiopian Birr	(P) 4.6350
Falkland Islands (S)	Falkland Is. £	1.0
Faroe Islands	Danish Krone	12.455
Fiji Islands	Fiji $	1.9046
Finland	Markka	8.5050
France	French Franc	9.375
French C'ty in Af*	C.F.A. Franc	470.925
French Guiana	Local Franc	9.375
French Pacific Is.	C.F.P. Franc	165.20
Gabon	C.F.A. Franc	470.925
Gambia (S)	Dalasi	4.0
Germany (East)	Ostmark	4.00
Germany (West)	Deutsche Mark	4.00
Ghana (S)	Cedi	6.28
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	89.4365

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	12.455
Grenada (S)	E. Caribbean $	6.12
Guadaloupe	Local Franc	9.375
Guam	U.S. $	2.2420
Guatemala	Quetzal	2.2420
Guinea Republic	Syli	42.77
Guinea Bissau	Peso	76.20
Guyana (S)	Guyanese $	5.7730
Haiti	Gourd	11.32
Honduras Repub.	Lempira	4.5426
Hong Kong (S)	H.K. $	11.1750
Hungary	Forint	(com) 72.83
		(T)(nc) 46.47
Iceland (S)	I. Krona	915.0
India (S)	Ind. Rupee	18.16
Indonesia	Rupiah	1,415.0
Iran	Rial	n/a
Iraq	Iraq Dinar	0.66716
Irish Republic (k)	Irish £	1.0836
Israel	Shekel	8.8498
Italy	Lira	1,852.0
Ivory Coast	C.F.A. Franc	470.925
Jamaica (S)	Jamaica Dollar	3.9995
Japan	Yen	566.5
Jordan (S)	Jordan Dinar	0.670(sg)
Kampuchea	Riel	2,715.8
Kenya (S)	Kenya Shilling	16.725
Kiribati	Australian $	2.0475
Korea (Nth)	Won	1.879(ll)
Korea (Sth)	Won	1,326.45
Kuwait (Sth)	Kuwait Dina	0.620
Laos	Kip Pot Po	805.60
Lebanon	Lebanese £	7.5280
Lesotho	S. African Rand	1.8085
Liberia	Liberian $	2.2420
Libya	Libyan Dinar	0.6700
Liechtenstein	Swiss Franc	3.8450
Luxembourg	Lux Franc	64.80
Macao	Pataca	12.02
Madeira	Portug'se Escudo	108.46
Malagasy Republic	MG Franc	470.925
Malawi (S)	Kwacha	1.8300
Malaysia (S)	Ringgit	4.9675
Maldive Islands (S)	Mal Rupee	8.8976
Mali Republic	Mali Franc	937.30
Malta (S)	Maltese £	0.790
Martinique	Local Franc	96.375
Mauritania	Ouguiya ‡	93.65
Mauritius (S)	M. Rupee	17.16
Mexico	Mexican Peso	51.56
Miquelon	C.F.A. Franc	470.925
Monaco	French Franc	9.375
Mongolia	Tugrik	(o)6.2580(ll)
Montserrat	E. Caribbean $	6.12
Morocco	Dirham	8.50(sg)
Mozambique	Moz. Escudo	67.80
Nauru	Australian Dollar	2.0475
Nepal	Nepalese Rupee	27.15
Netherlands	Guilder	4.386
Netherland Antilles	Antillian Guilder	4.0525
New Hebrides	Franc.	149.80
	Aust. Dollar	2.0475
New Zealand (S)	N. Z. Dollar	2.3136
Nicaragua	Cordoba	22.60
Niger Republic	C. F. A. Franc	470.925
Nigeria (S)	Naira	1.242660(sg)
Norway	Norway Krone	11.0626
Oman Sul'ate of (S)	Rial Omani	0.777 (sg)
Pakistan	Pakistan Rupee	22.25
Panama	Balboa	2.2420
Papua N. Guinea (S)	Kina	1.5790
Paraguay	Guarani	282.04

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peoples D. Repub. of Yemen (S)	S. Yemen Dinar	(A)0.7730
Peru	Sol	exc(A)572.77
Philippines	Philippine Peso	16.48
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3166
Poland	Zloty	(Cm)68.85
		(T)68.85
Portugal	Portugu'se Escudo	108.45
Port Timor	Timor Escudo	108.45
Puerto Rico	U.S. $	2.2420
Qatar (S)	Qatar Ryal	8.27(SG)
Reunion Ile de la	French Franc	9.3750
Rhodesia	Rhodesian $	1.6250
Romania	Leu	(Cm)10.05
		(c/c)T26.93
Rwanda	Rwanda Franc	214.14
St. Christopher (S)	E. Caribbean $	6.12
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	6.12
St. Pierre	Local Franc	9.675
St. Vincent (S)	E. Caribbean $	6.19
Salvador El	Colon	5.55
Samoa American	U.S. $	2.2420
San Marino	Italian Lire	1,852.0
Sao To'e & Principe	Dobra	78.40
Saudi Arabia	Ryal	7.51
Senegal	C.F.A. Franc	470.925
Seychelles	S. Rupee	14.30
Sierra Leone (S)	Leone	2.3894
Singapore (S)	Singapore $	4.9075
Solomon Islands (S)	Solomon Is. $	1.9555
Somali Republic	Somali Shilling	(A)13.65
South Africa (S)	Rand	1.8085
South West African Territories (S)	S. A. Rand	1.8085
Spain	Peseta	150.70
Spanish ports in North Africa	Peseta	150.70
Sri Lanka (S)	S. L. Rupee	34.90
Sudan Republic	Sudan £ ϕ	n/a
Surinam	S. Guilder	4.0525
Swaziland (S)	Lilangeni	1.8085
Sweden	S. Krona	9.495
Switzerland	Swiss Franc	3.8450
Syria	Syria £	(A)8.8890
Taiwan	New Taiwan	(P)81.50
Tanzania (S)	Tan. Shilling	18.45
Thailand	Baht	45.90
Togo Republic	C.F.A. Franc	470.925
Tonga Islands (S)	Pa'anga	2.0475
Trinidad (S)	Trinidad & Tob. $	5.3810
Tunisia	Tunisian Dinar	0.903 (S0)
Turkey	Turkish Lira	160.02
Turks & Caicos	U.S. $	2.2420
Tuvalu	Australian $	2.0475
Uganda (S)	Uganda Shilling	16.76
United States	U.S. Dollar	2.2420
Uruguay	Uruguay Peso	(cm)19.34
		(fn)19.30
Utd. Arab Emirates	U.A.E. Dirham	8.46
U.S.S.R.	Rouble	1.4490
Upper Volta	C.F.A. Franc	470.925
Vatican	Italian Lire	1,852.0
Venezuela	Bolivar	9.70
Vietnam	Dong	(O)4.9358
		(T)4.60(l)
Virgin Islands U.S.	U.S. Dollar	2.2420
Western Samoa (S)	Samoan Tala	2.0630
Yemen	Ryal	10.32(SG)
Yugoslavia	New Y Dinar	45.8630
Zaire Republic	Zaire	6.658201
Zambia	Kwacha	1.78

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. Rupees per pound. ‡General rates of oil and iron exports 95.10. **Rate is the transfer market (controlled). †Rate is now based on 2 Barbados $ to the dollar. ‡‡Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt, and who are not members of IMF. (||) Based on gross rates against Russian rouble. ϕIncentive rate.

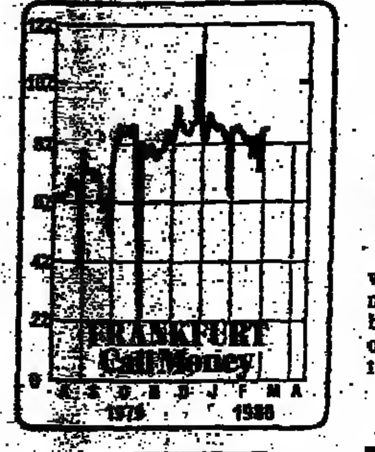
INTERNATIONAL MONEY MARKET

Rates stay firm

Interest rates remained very firm in major financial centres yesterday, with Paris call money remaining at Friday's level of 13 per cent, the highest since November 1974. Rates are expected to stay firm in France in the near future as a reflection of international trends. Commercial bank prime rates rose to a record 12¼ per cent on February 22, but are expected to increase further.

In Brussels interest rates on one, two and three-month Treasury certificates were raised by ½ per cent by the Belgian National Bank, the second increase in less than a week. Last Wednesday the central bank announced a rise in its discount rate to 12 per cent, and a ½ per cent increase in the rate on Treasury certificates to 15 per cent. Although the interest on Treasury certificates has now been raised to 15½ per cent, the rate on four-month bond papers remains unchanged.

In Zurich banking liquidity increased during the last 10 days of February, due to assistance by the Swiss National Bank. The central bank's monetary base rose by SwFr 2.48bn to SwFr 31.172bn, while sight deposits of banks, trade and industry increased by SwFr 1.687bn to SwFr 9.154bn as a result of dollar/franc swap and credit facilities. During the period the authorities gave support to the franc by selling the dollar forward.



MONEY RATES

NEW YORK	
Prime Rate	16¾
Fed. Funds	17-17½
Treasury Bills (13-week)	14.40
Treasury Bills (26-week)	14.40
GERMANY	
Discount Rate	7
Overnight Rate	6.55
One month	8.80
Three months	9.10
Six months	9.10
FRANCE	
Discount Rate	9.5
Overnight Rate	13
One month	13.1875
Three months	13.5625
Six months	13.5625
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.5625
Bills Discount (three-month)	10.1875

GOLD

Weaker trend

Gold lost $3 an ounce in the London bullion market yesterday in featureless trading to close at $635-640. The metal opened at $635-640 and reached a best level at the morning fixing at $637. The metal then eased in quiet trading to an afternoon fixing of $633.75, with a low for the day of $630-635.

In Paris the 12½ kilo bar was fixed at FFr 86,000 per kilo ($640.83 per ounce) compared with FFr 86,100 ($641.43) in the morning and FFr 86,000 ($644.04) on Friday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 36,470 per kilo ($637.82 per ounce) compared with DM 36,450 ($640)

	Mar. 3		February 29	
Gold Bullion (fine ounce)				
Close	$635-640	(£282¾-285)	$638-643	(£280¼-283)
Opening	$635-640	(£280¼-282½)	$643-648	(£281¾-284)
Morning fixing	$637	(£281.325)	$640	(£280.603)
Afternoon fixing	$633.75	(£280.818)	$637	(£280.148)
Gold Coins				
Krugerrand	$633-637	(£282-285)	$640-644	(£281½-283½)
Mapleleaf	$630-640	(£281-285)	$635-645	(£279½-284½)
New Sovereigns	$157-169	(£70-72)	$160-162	(£70½-72)
King Sovs	$177-180	(£78½-80½)	$181-184	(£79½-81½)
Victoria Sovs	$177-180	(£78½-80½)	$181-184	(£78½-81½)
French 20s	$145-148		$147-149	
50 pesos Mexico	$778-788		$780-790	
100 Cor. Austria	$610-620		$610-620	
$20 Eagles	$742-747		$745-755	
$10 Eagles	—		—	
$5 Eagles	—		—	

UK MONEY MARKET

Heavy shortage

Bank of England Minimum Lending Rate 17 per cent (since November 15, 1979)

Short-term interest rates were very firm in the London money market yesterday. In the interbank market overnight money opened at 18¼-18¾ per cent and touched a peak of 20-22 per cent, before closing at 16-17 per cent. In the fixed periods nine-month funds were particularly firm, rising to 17-17⅛ per cent from 16¾-17 per cent.

Discount houses paid around 17 per cent for secured call loans at the start, and closing balances were found at 16-17 per cent. Day-to-day credit was in short supply and the authorities gave assistance on an extremely large scale.

The Bank of England bought a large amount of Treasury bills from the houses and banks, a small number of local authority bills from the houses, and a small amount of eligible bank bills for resale at a fixed future date. The help was completed by lending a moderate amount to six or seven houses, overnight at Minimum Lending Rate.

Rates in the table below are nominal in some cases.

LONDON MONEY RATES

Mar. 3 1980	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposits	Treasury Bills ϕ	Eligible Bank Bills ϕ	Fine Trade Bills ϕ
Overnight	—	16-22	—	—	—	18-19	16-17	—	—	—
2 days notice	—	—	18½-18¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	18¼-18⅞	18⅜-18¾	—	19	18½-18¾	16¾-17	—	—	—
One month	18⅛-18⅛	18¼-18⅝	18¼-18½	19⅝-18⅞	18⅜	18¼-19	18⅞	16⅞	18⅛-18⅞	18½
Two months	18 1/16-18⅛	18¼-18⅝	—	19⅛-18⅞	18⅜	—	16⅝-18¾	16½	17 1/16	18¼
Three months	18 1/16-18⅛	18¼-18⅝	18¼	18¾-18¼	18¾	18¼-19	16½-16⅝	16⅛-16 5/16	17 1/16	18
Six months	17 11/16-17½	17⅝-18	17⅞-18	17½-17	18¼	18	—	—	16½	17
Nine months	17⅛-16¾	17-17⅛	—	17¼-18⅛	17⅝	—	—	—	—	—
One Year	16¾-18½	16¾-17	17⅝-17½	16⅞-16½	17⅛	—	—	—	—	—
Two years	—	—	16¼-18⅞	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. *Long-term local authority mortgage rates nominally three years 16¾-16½ per cent; four years 16½-16¾ per cent; five years 15-15¼ per cent. ϕBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 17¼-17⅜ per cent; four-month trade bills 17¾ per cent.

Approximate selling rates for one-month Treasury bills 15 23/32-15 27/32 per cent; two-months 15 31/32-16 per cent; three-months 16 1/32 per cent. Approximate selling rates for one-month bank bills 17⅞-18 1/16 per cent; two-months 17 13/16 per cent; three-months 17 7/16 per cent; one-month trade bills 18¼ per cent; two-months 18 per cent and three-months 17¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 18 per cent from March 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 16 per cent. Clearing Bank Rates for lending 17 per cent. Treasury Bills Average tender rates of discount 16.1236 per cent.

WORLD STOCK MARKETS

Early easier Wall St. tendency

FAILING TO maintain last Friday's rally, Wall Street showed a slightly easier tendency in a fairly large turnover yesterday morning, as investors awaited some definite word from Washington about expected moves to combat inflation.

The Dow Jones Industrial Average, which recouped 8.7 on Friday, shed 2.22 to 860.92 at 1 pm yesterday. The NYSE All Common Index declined 16 cents to $64.79, while falls exceeded rises by a seven-to-six ratio. Turnover came to 25.20m shares at 1 pm.

Congressional leaders said the Administration was planning substantial cuts in the 1981 Federal Budget, but President Carter, asked by reporters about Budget cuts, gave no details. A key Budget aide told the House Ways and Means Committee that the Budget review should be completed in two weeks.

Analysts predicted that interest rates would soon rise to 17 per cent following apparent credit tightening by the Federal Reserve last Friday. The Prime Rate rose to 16¾ per cent on Friday.

Oils were generally weak, as were some interest rate-sensitive issues. Active American Telephone, which gained two points on Friday on expectations of new anti-inflation moves, lost ⅜ to $48⅞.

Volume leader Citicorp shed ¼ to $19⅞, while Bankamerica eased ⅜ to $21⅞.

Among Oils, Texaco lost ⅜ to $39⅞ and California Standard ⅜ to $78⅞, but Philips Petroleum rose 1⅛ to $55⅛ and Ohio Standard ⅜ to $102⅛.

Continuous Curve Contact Lenses receded 4⅞ to $42 bid in over-the-counter trading. Revlon has agreed to acquire Continuous Curve for stock valued at $85m. Revlon eased ¼ to $38⅞.

THE AMERICAN SE Market Value Index was a modest 0.06 firmer at 303.54 at 1 pm. Volume 3.14m shares.

Closing prices for North America were not available for this edition.

Canada

Stocks were inclined to make further headway in active early trading. The Toronto Composite Index added 8.6 at 2,201.2, while Oil and Gas put on 21.0 to 5,176.9, Golds 25.3 to 3,560.6 and Metals and Minerals 22.1 to 2,426.1. In Montreal, Utilities rose 2.33 to 265.74, but Banks lost 1.62 to 316.71.

Tokyo

With investors encouraged by the Japanese Government's new Yen support package, announced on Sunday night, the market staged an early advance in heavy trading, but subsequent profit-taking left a mixed appearance on balance.

The Nikki-Dow Jones Average gained more than 40 points, before finishing a net 15.27 higher at 6,793.56. However, declines on the First Market section finally outpaced gains by 305 to 279. Volume totalled 550m shares, against last Friday's 640m and Saturday's half-day session amount of 380m.

Oils, Coals, Trading Houses, Nuclear Energy issues and Non-ferrous Metals were well favoured. Nippon Oil added Y50 at Y2,000, Arabian Oil 400 at Y3,350, Marubeni Y26 to Y428, Mitsui Mining Y40 at Y690, and Matsushima Kosan Y70 at Y850.

Machine shares advanced following news of the 74 per cent year-on-year rise in machine tool orders in January. Ikegai Iron climbed Y38 to Y435 and Hitachi Seiki Y20 to Y434.

However, recently strong Steels and Shipbuildings were lower on profit-taking, while Constructions, Textiles, Pharmaceuticals and Chemicals also ended mostly easier. Export-orientated issues were mixed.

Germany

Shares displayed an easier bias after light trading, with dealers noting a fall in both foreign and domestic orders from recent levels. Helping to sap the stock market's strength was the weakness of Bond markets.

Linde lost DM4 in Engineerings and Daimler-Benz DM 2.50 in Motors, while Stores had Neckermann down DM 3.60, but Kaufhof added DM 1.50. Elsewhere, Hoesch rose DM 2.50 and Varta DM 3 against the trend.

Public Authority Bonds recorded falls ranging to 70 pfennigs. The Regulating Authorities bought a nominal DM 10.8m of paper after selling DM 53.1m on Friday. Mark Foreign Loans also weakened.

Singapore

A combination of good economic news from the Government, a potential take-over and a major land sale pushed stock prices in Singapore generally higher. The Straits Times Industrial index rose 8.41 to yet another post 1973 peak of 498.84.

The Government's review of the economy in 1979, released as part of the build up to the 1980 budget presentation tomorrow, showed a healthy 9.3 per cent growth in Gross National Product over 1978.

Straits Trading ended 30 cents higher at S$10.70, after reaching S$11.40, on news that it was taking in about S$51m in an extraordinary item, the sale of some residential property. A broker noted that as a member of the OCBC stable, known for undervaluing assets and rarely if ever selling them, Straits Trading had carried the property on its books at almost zero value. OCBC advanced 15 cents to S$8.75.

News that Jack Chia-MPH had sold its remaining 12.2 per cent holding in Malayan Credit to See Hoy Chan (Singapore), coupled with word that See Hoy Chan was negotiating with holders of another 20 per cent of Malayan Credit, sparked off bid rumours. Property concern Malayan Credit, which had been the centre of such rumours for some time, rose 9 cents to S$2.42. A broker predicted an eventual bid of between S$2.60 and S$2.80 a share.

Properties, Hotels and other shares with land assets also rose sharply.

Australia

Renewed foreign buying helped Resources issues to further improve initially, but many gains were later eroded by local profit-taking prompted by announcements that interest rates would be raised on Australian Savings Bonds and Semi-Government Loans. Industrials were easier-inclined on the interest rates news, but Banks were firmer.

BHP's encouraging hydrocarbon find from its oil drilling exploration on the Exmouth Plateau sent BHP shares 40 cents higher to A$14.30 in heavy volume, and also sparked off hectic activity in some of the smaller oil explorers.

Canada North West rose 6 to 41 cents and Cultus 12 to 85 cents, while Weeks Petroleum advanced 40 cents to A$8.00.

Hong Kong

The market fell sharply in moderate activity, with the Hang Seng index losing 23.29 to 891.82, despite the weekend decision of the banks in the Colony not to raise interest rates.

A slight early morning improvement soon evaporated because market feeling is still that Hong Kong rates will have to rise soon to fall in line with rises elsewhere, especially in the U.S., dealers said.

The falls started among second-line Properties, such as new world which ended at HK$4.10, down 22.5 cents, and Tai Cheung, off the same amount at HK$3.30.

NEW YORK

Indices

CANADA

Stock	Feb. 29	Feb. 28
Abitibi	94¼	93⅝
Agnico Eagle	14¾	14½
Alcan Alumn.	70⅜	70
Algoma Steel	40¼	41
Asbestos	65⅞	68
Bk Montreal	24¾	24¾
Bk Nova Scotia	25	24⅝

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

ITALY

NORWAY

HONG KONG

SWEDEN

GERMANY

JAPAN

SINGAPORE

SOUTH AFRICA

AUSTRIA

SWITZERLAND

BELGIUM/LUXEMBOURG

BRAZIL

COMMODITIES AND AGRICULTURE

هكذا من الأهل

Higher oils output expected

ROME—World production of edible oils and oil meal protein is expected to rise to record levels this year, the UN Food and Agriculture Organisation said.

However, end of season stocks are expected to be higher than last year, in spite of continuing growth in consumption and import demand, FAO said in a report on the World Food Outlook on February 26.

World prodnction of edible and soap fats and oils in 1980 is currently forecast at a record 60.5m tonnes, 4.5m tonnes more than in 1979 and 5.2m tonnes above long-term trends, the FAO said.

This would be an above average rise in world output fnr the third year running, it said, noting, bowever, that its forecast is still tentative and subject to revision.

World production of oilmeal protein is expected to rise 6.3m tonnes to 44.9m, 16 per cent above both the 1979 output and long-term trends.

The increase forecast for oil-meal output is higher than for oil, reflecting the considerable expansion in world output of soya beans, which bave bigh protein content but relatively lower oil content.

Much of the increase will reflect the bumper 1979 crop of soyabeans, now estimated at 61.7m tonnes, 20 per cent more than the previous season.

Export availabilities are expected to rise and world prices, which bave fallen recently, will continue to be affected by world supply and demand developments and by government policies.
Reuter

Swiss stockpile measures

SWISS voters approved in e national referendum a government request for powers to order stockpiling nf essential supplies, inclnding oil, to defend the economy.

The Government already bas the powers for wartime stockpiling, but it began to review its regulations after the 1973 oil supply crisis.

No Australian wool sales

THERE will again be no Australian wool sales this week, due to the continuing strike by members of the Storemen's and Packers' Union, the Australian Wool Corporation said.
Reuter

London copper falls sharply

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER prices dropped sbarply on the London Metal Exchange yesterday. Casb wirebars closed £38.5 down at £1,187 a tonne, reflecting the strength of the dollar which brought a sharp decline in the New York market.

At the same time there was another modest rise in copper stocks beld in the LME warehouses. The stocks were only up by 1,550 tonnes raising total holdings to 117,175 tonnes.

This is the second successive weekly increase after 14 months of continnons stocks declines, and bas an important influence on market sentiment since many people believe stock movements hava e great effect on price trends.

In any event, the market was depressed by the apparent lack of buying interest in offerings of cash wirebars.

There waa a sharp contrast in the lead market. Another hefty fall of 2,400 tonnes has reduced lead stocks held in the LME warebouses to a lowly total of 8,900 tonnes.

This pushed the cash price up by £18.5 to £579 a tonne and even higher at one stage, before profit-taking in the afternoon, while the three months quotation rose by £6.5 to £508. An unexpected rise in tin stocks, up by 135 tn 4,325 tonnes, kept the market subdued in spite of a healthy rise in Penang over the weekend.

Aluminium stocks rose by 250 to 34,175 tonnes. Prices also weakened on news that Reynolds' Canadian company bad reacbed agreement on a new three-year labour contract after a brief stoppage.

Nickel stocks rose too, by 366 to 7,224 tonnes. So did LME silver boldings, up by 1,130,000 to 13,230,000 ounces.

As expected, zinc stocks fell by 1,050 tonnes, cutting total boldings to 46,750 tonnes and the casb price rose by £6.5 to £390 a tonne.

Zinc smelters are unlikely to return to acceptabla profitability in the 1980's without a reduction in present and planned capacity due to a surplns of smelting capacity in relation to demand and mine capacity, according to the Commodities Researcb Unit.

● Lima — the 17,000-strong workforce at the state-owned Centromin-Peru's lead zinc and copper mines in central Paru accepted a wage rise equivalent to $1.70 a day and nther benefits and will not go ahead with a threatened strike. Abont 3,000 Centromin mineworkers in the Pasco area, wbo bad walked off their jobs last Thursday to back the demands for higher wages, returned tn work yesterday.

Cocoa values rise

BY OUR COMMODITIES EDITOR

COCOA VALUES advanced on the London terminal market yesterday reflecting new moves by producing conntries to seek higher prices. The May fntures position closed £33 np at £1,408.5 a tonne.

In Brazil tha foreign trade department of the Banco do Brasil (Cacex) was reported by Reuter to have fixed a minimum selling price of 137 cents a lb, fob, for Bahia superior cocoa beans. A Cacex spokesman in Rio sald this equalled 150 cents cif and added that selling prices based on differentials to terminal market quotations would no longer be allowed. Equivalent minimum selling prices are also being set for cocoa products—butter, cake and liquor.

Brazil's move follows last week's meeting of the Cocoa Producers Alliance in Accra. In a communiqné after the talks it was claimed that the 10 prodncing countries represented had agreed to "concreta" measures to protect the interest of producers on world markets.

Traders in London felt that the reference to "concrete measures" in the commuoiqué really meant that the producers bad been unable to agree on more positive ection. Conspicuous by its absence was any reference to a minimum price below which producers were not prepared to sell. This appears tn confirm rumours that the Ivory Coast's plea for stronger action to boost prices fell on deaf ears.

Brazil's preliminary move to establish an official minimum price bigher than the market expected bas yet to be confirmed. It was noted thet the Brazilians have not been selling much recently and may be anticipating a much reduced Temporao crop.

Castro's call boosts sugar price

WORLD sugar prices surged higher yesterday in response to President Castro's call for emergency action to save Cuba's sugar harvest from rust damage.

The London daily price for raw sugar was raised by £28 to £250 a tonne. On the futures market the May position jumped to £297 at one stage before coming back on late profit-taking sales to close at £287.875 a tonne, still £13.5 higher than Friday's close.

It bas been known for some time that Cuba's crop has been badly hit this season by rust disease and poor weather. Bnt President Castro's emergency action, which may inclnde calling unemployed building workers to the cane fields, suggests the damage may be worse than originally feared.

The rise in London prices was also encouraged by tbe weaker trend in sterling against the dollar.

However, London brokers E. D. and F. Man sounded a cautionary note in their latest market newsletter ont yesterday. It claimed that statistical supply-demand outlook looks fairly bealthy and it will require a serious deterioration of crops to create the sort of rise in prices seen in 1965 and 1974.

The newsletter said a disturbing aspect of the recent price rise was that there were growing signs of substantial inroads being made by corn (maize) sweeteners in the U.S., Canada and Japan when sugar rose above 20 cents a pound.

Snow hits Florida orange crop

CONSIDERABLE damage to the Florida citrus crop has been caused by freak snow and temperatures falling to 32 deg. F with about balf the seasoo's oranges freezing on tbe trees.

Earl Wells, of the Florida Citrus Mutual said: "We know we've lost aome juice, but the severity of the damage will depend on wbat happens during the next week.

"If it stays cold, we get the fruit off the trees and still get some julce. But if it turns warm, the crop deteriorates and the fruit starts to drop off."

GRAINS

Forecast of lower world stocks

WORLD GRAIN stocks are expected to fall to 260m tonnes at the end of the current crop year, 8m tonnes below levels at the start of the 1979-80 crop year, the UN Food and Agriculture Organisation (FAO) said.

This would be 18 per cent of estimated annual world consumption, a level considered by the FAO to be the minimum for world food security. There is also growing concern about the accessibility of these stocks, FAO said.

World wheat stocks are expected to fall 12m tonnes from opening levela to 104m tonnes at the end of the crop year, reflecting a drop in inventories in India, the USSR and other importing countries. But stocks in exporting countries are expected to rise, the FAO said.

For coarse grains, the FAO forecast an increase in end-of-season stocks of 6m tonnes to 113m tonnes, largely reflecting higher stocks in U.S.

FAO said its expects most of the rise in coarse grain inventories to be in maize, which accounts for 60 per cent of total stock. Barle, sorgbum and other grains stocks are expected to fall.

In the main importing countries, there will be a substantial decline of stocks, estimated at around 17m tonnes or 20 per cent.

The main exporting countries' stocks are expected to rise, the FAO said, adding it expected these to total 152m tonnes at tbe end of the current season, equivalent to 60 per cent of total world stocks.

Of total world stocks, 105m tonnes (or 41 per cent) would be in North America, where transport, handling and port facilities are already working near full capacity, the FAO said. This implies it might be difficult to draw on these stocks to meet large additional demand in importing countries in the event of crop failure, it said.

The FAO forecast world trade in wheat and coarse grains in 1979-80 at 173m tonnes, unchanged from last month's forecast and 9 per cent bigber than the previous year, mainly reflecting higher imports by the USSR and other developed countries.

For 1980 the FAO forecast world wheat and coarse grain production at 1.2bn tonnes, 4 per cent higher than last year.

In its first forecast for production tbis year, the FAO said this would be close to long-term trends and only sligbtly lower than the 1978 record.

U.S. may have lost Soviet market

THE CHICAGO Board of Trade President Mr. Robert Wilmouth said in London be suspects it will be a very long time, if ever, before the USSR again relies on the U.S. for three-quarters of its grain import needs.

The 17m tonnes of grain the U.S. cut off from the Soviet Union following its grain embargo, plus the 8m tonnes it allowed to ship, constituted fully threequarters of the USSR's anticipated 1979-80 grain imports, he told the European/American Commodities Conference.

Mr. Wilmouth said he did not know whether or wben grain sales to the Soviets would resume, and if they do whether they will again reach recent levels.

Any substantial reduction of Soviet breeding stock will, in itself, reduce future grain needs for some time to come, be added.

Mr. Wilmouth suggested there came a point in the use of trade as a weapon at which there are no winners and only losers.

The most urgent need was for the U.S. Government to develop a comprehensive, credible and consistent trade policy, be said. New initiatives need to be lannched to replace the loss, whether temporary or permanent of the biggest buyer of U.S. farm exports, be said.

The 25m tonnes of grain contracted to the USSR would have made the Soviets the largest single customer of tha U.S. This quantity would have exceeded sales to Japan, the next largest U.S. customer, by more than 50 per cent.

Mr. Wilmouth questioned the extent to which the embargo could be enforced. Furthermore, in attempting to enforce the embargo he said there was a danger of causing what is essentially one market for grain to become fragmented into two or even three markets, each with its own pricing and supply-demand characteristics.

There might be one market for "restricted" grain and another for "unrestricted" grain, with the possibility of turning the U.S. market into just a domestic one. Some knowledgeable people believe this danger is very real, be said.

Meanwhile in Manila, the U.S. will be asked to call a special meeting of the Joint Association of Southeast Asian Nations (ASEAN) — U.S. Business Council to discuss the adverse effects on regional economics of the Americao grains embargo against the Soviet Union.

The Philippines Chamber of Commerce and Industry said it is seeking a meeting, especially since the embargo appeared to bave badly affected the country's coconut industry, causing a softening of prices for coconut products.

The softening is believed to result from increased availability of maize and aoya bean products no longer being sold to the Soviet Union and which compete with coconut on the vegetable oils market, it said.

Coconut oil bad fallen in the U.S. to 38 cents over a couple of weeks and there were fears it would fall further, it added.

In Washington, the U.S. Agriculture Department said there will not be a paid diversion programe for 1980 feed-grain crops.

Agriculture Secretary Mr. Bob Bergland said USDA will not institute a paid land diversion for 1980 crops of wheat, corn and other feedgrains.

The decision, he said, was based on prospects for continued growth in world consumption of these grains.

"Our grain exports will be at record levels this year, and will continue to grow in the future," be said.

Mr. Bergland noted that U.S. farmers bad record high production last year, but that world grain production actually declined in 1979/80.

"As long as we have adeqnate supplies, we can expect our exports to continue to increase. World grain stocks are declining this year and prices are bigher than a year ago. Stocks ere likely to decline again in 1980-81," he said.

The suspension of agricultural sales to the USSR has not fundamentally changed the long-term supply and demand picture for U.S. grains," Mr. Bergland said.

Danish pig industry warning

BY HILARY BARNES IN COPENHAGEN

UNLESS there is e radical change in economic policy, there will not be any pig farmers left in Denmark within e few years, Mr. J. Esp Soerensen, chairman of ESS-Food, tha pigmeat export association, said at a conference with agricultural correspondents bere.

"No livestock production can stand interest rates of 19 per cent," be declared, in response to a question ebout the prospects for pig prodnction in the present decade.

Pigmeat exports were worth about Kr 9.3bn (£743.2m) last year, or some 12 per cent of total commodity exports.

But the sbort-term outlook is that last year's record pig production of 13m will be capped by output of 13.6m pigs. The cbairman said there would be no problem selling this quantity of pig meat and expected rather better prices than last year's.

From 1976 to 1979 pig output increased by 26 per cent, and there was an investment boom in the industry. But Mr. Esp Soerensen said the economics of prodnction are now so bad that investment will come to a standstill.

He expressed concern that many farmers would face problems, when it became necessary to refinance the loans they made to carry out the investment programme of the last few years. Many of these loans are currency loans with a five-year maturity and no repayment of principle.

The main problem for the producers are the high Danish interest rates, which are now around 19 to 20 per cent on mortgage loans, and 25 to 30 per cent for feed credits of over 30 days. "If it wasn't for the high interest rates, we would not have many problems," be said, claiming that Danish farmers were competing with German and French farmers' paying of interest rates of 6 to 8 per cent.

Whatever difficulties emerged, Mr. Esp Soerensen promised that the UK bacon market would continue to bave priority as a market for Danish pigmeat.

Bacon exports to the UK last year fell by about 2,000 tonnes to 218,000 tonnes, and the market share from 43.7 per cent to 43.2 per cent. The drop was mainly a result of industrial action last spring, which caused a fall in supplies.

Although the price of bacon averaged £1,165 per tonne, an increase of £76 on 1978 prices, in other markets prices were less favourable, and the average price to producers fell by 3.5 per cent last year.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Fell away on the London Metal Exchange following the further rise in warehouse stocks and a heavy decline on Comex. Forward metal opened around £1,210 and edged up to £1,218 following modest speculative interest before coming under pressure owing to the stocks rise. This prompted a widening of the contango which moved out to around £17. Three months metal opened the afternoon at £1,210 but fell heavily on Comex opened on a weak note and lost further ground to go limit-down with forward metal finally quoted at £1,180 on the late kerb. Turnover 21,450 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	1193-4	-25.5	1186-8	-38.5
3 months	1210-1	-12.5	1202-3	-31
Settlem't	1194	-26	—	......
Cathodes				
Cash	1146-7	-19.5	1135-7	-38.5
3 months	1178-9	-14	1168-9	-35.5
Settlem't	1147	-20	—	......
U.S. Prod	—	......	*120-131	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £1193, 92, 93, three months £1210, 11, 12, 13, 14, 16, 17, 14, 12, 10, 09, 11. Cathodes, cash £1148, 47, three months £1177, 78. Kerbs: Wirebars, three months £1207, 9, 9, 10. Afternoon: Wirebars, three months £1203, 2, 3, 4, 5, 4, 3, 2, 5, 4, 2, 3, 4, 6, 4, 3, 2. Cathodes, late April £1159 three months £1169. Kerb: Wirebars, three months £1188, 88, 87, 88, 87, 86, 87, 88, 89, 88, 86, 85, 84, 83, 82, 81, 80, 81.

TIN—Marginally higher, reflecting a rise on the Penang market, the weakness of sterling and good consumer demand. Forward metal opened at £7,950 and rose to £7,990 during the first ring before easing to £7,930 during the second on hedge selling. However, in the afternoon the fall in sterling coupled with covering against U.S. physical demand saw the price move up to touch £7,990 prior to a close on the late kerb of £7,970. Turnover 1,535 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	7890-900	+22.5	7900-10	+17.5
3 months	7830-50	+50	7960-80	+30
Settlem't	7900	+25	—	......
Standard				
Cash	7890-900	+11.5	7900-20	+22.5
3 months	7930-40	+45	7960-70	+30
Settlem't	7900	+15	—	......
Straits E.	‡$2336	+16		......
New York	—	......		......

Morning: Standard, cash £7,940, 7,900, three months £7,970, 80, 90, 40, 30. Kerb: Standard, three months £7940, 50. Afternoon: Standard, three months £7,975, 70, 65, 50, 50, 60, 70. Kerb: Standard, three months £7,930, 40, 50, 60, 80, 85, 80, 70, 80.

LEAD—Firmer with the sizeable decline in warehouse stocks prompting heavy demand for cash material. Buying of the latter caused a sharp widening in the backwardation which moved out to over £70 at one point during the morning, before narrowing to around £60 in the afternoon. Forward metal started the day around the £500 level but moved ahead to touch £519 on the morning kerb reflecting the good demand for cash metal. During the afternoon profit-taking caused a setback in forward metal which declined to close the late kerb at £505. Turnover 15,225 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	585-8	+24	574-84	+18.5
3 months	515-7	+17.5	507-9	+6.5
S'ment	588	+23	—	......
U.S. Spot	—	......	*50	......

Morning: Cash £585, 590, 88, 85, three months £510, 11, 12, 14, 13, 15, 16, 15. Kerb: Three months £518, 20, 19, 18, 16, 17, 17.5, 18, 17, 16, 17, 19. Afternoon: Three months £519, 18, 17, 16, 15, 12, 11, 13, 12, 14, 13, 12, 12, 10, 8, 7. Kerb: Three months £505, 6, 3, 5, 4, 5, 7, 9, 9, 9, 7, 5.

ZINC—Slightly firmer in quiet and routine trading. Forward metal opened in the low £490s and edged up during the day to touch £400, reflecting the rise in lead, before easing on profit-taking to close the late kerb at £496. Turnover 2,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Cash	389-90	+19	388-91	+8.5
3 months	397-8	+8	595-9	+4.25
S'ment	590	+10	—	......
Primw'ts	—	......	*37.5	......

Morning: Cash £390, 89, three months £396, 97. Afternoon: Three months £399, 400, 399, 98, 99. Kerb: Three months £395, 96, 95, 94, 92.

ALUMINIUM—Barely changed on balance. Forward metal rose to £955 on the early pre-market on rumours of a strike at Reynolds. A denial by the latter, however, prompted a decline to around £942. In the afternoon fresh buying from an influential source lifted forward metal to a close on the late kerb of £948. Turnover 5,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	931-3	-7	929-31	-4
3 months	947-8	-5	944-5	-4.5

Morning: Three months £951, 48, 47. Afternoon: Three months £950, 49, 47, 45, 42, 43, 44, 45, 44.5. Kerb: Three months £944, 45, 46, 47, 48.

NICKEL—Easier in quiet trading, mainly reflecting a larger than forecast increase in warehouse stocks. Forward metal opened at £3,270 and briefly touched £3,250 before moving ahead to £3,280 in the morning rings. However, the weakness of other metals caused a setback to £3,155 around which level forward metal traded for most of the afternoon prior to a close of £3,260. Turnover 594 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	3160-70	-56	3160-5	-75
3 months	3255-60	+55	3260-5	-5

Morning: Cash £3175, three months £3,265, 70, 75, 70, 65, 50, 55. Afternoon: £3150, 55, three months £3255, 60, 55, 60. Kerb: Cash £3150, three months £3260.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 167 tonnes. Few orders of any consequence were booked. Users tended to avoid forward commitments in view of the extremely high average cost. Dealings were confined to small quantities of South American and African styles.

SILVER

LME—Turnover 198 (171) lots of 10,000 ozs. Morning: Cash 1550, 55, three months 1585, 1580, 1600, 1590, 85, 95, 90, 1600, 98, 1600, 95, 1600. Afternoon: Three months 1595, 80. Kerbs: Three months 1585, 80.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. May 409, 412, 410, 5; Aug. 423, 424, 424, 5; Oct. 424, 425, nil, nil; Dec. 424, 426, 425, 4; Jan. 423, 425, 426-424, 8; March 427, 440, 428, 1; May 430, 435, nil, nil; Aug. 433, 438, nil, nil. Sales: 22.

COCOA

COFFEE

WOOL FUTURES

GRAINS

RUBBER

SOYABEAN MEAL

SUGAR

PRICE CHANGES

In tonnes unless otherwise stated.

TEA AUCTION

MEAT/VEGETABLES

AMERICAN MARKETS

NEW YORK, March 3.

A MAJOR technical rally in the livestock complex moved all meat markets sharply higher. Lack of new developments put gold and silver under pressure, while copper was limit down on the settlement of the Peruvian mine strike. Unfavourable production reports from Cuba plus a late season freeze in Florida put the sugar market limit up. Producer support in coffee and cocoa markets moved prices higher. Cotton dropped sharply as the U.S. cash market reached the trigger point permitting imports. Grains eased off following the elimination of the acreage diversion programme for 1980, reported Heinold.

Sugar—No. 11: May 26.95-27.00 (24.88), July 27.32 (26.32), Sept. 27.96, Oct. 27.99, Jan. 27.55, March 27.37, May 28.48, July 28.80.

Tin—833.00-844.00 asked (838.00-848.00).

CHICAGO, March 3.

Lard—Chicago loose 19.25 (19.00). New York prime steam unavailable.

Live Cattle—April 69.90-69.97 (68.57), June 73.20-73.00 (71.95), Aug. 72.75-72.60, Oct. 71.35-71.20, Dec. 72.45-72.30, Feb. 72.67.

Live Hogs—April 37.47-37.40 (36.95), June 42.25-42.05 (41.47), July 43.75-43.65, Aug. 42.95-42.80, Oct. 42.35, Dec. 44.60, Feb. 46.85, April 46.05, June ——.

‡‡Maize—March 261¾-261½ (263), May 274¾-274 (276¾), July 284¾-284½, Sept. 292¾-292, Dec. 301¾-301¾, March 312½.

Pork Bellies—March 42.62-42.40 (40.75), May 44.25-44.10 (42.50), July 45.60-45.55, Aug. 44.75-44.70, Feb. 54.60-54.45, March 54.45, May ——, July ——, Aug. ——.

¶Silver—March 3535.0 (3490.0), April 3550.0 (3535.0), June 3630.0, Aug. 3680.0, Oct. 3750.0, Dec. 3806.0, Feb. 3860.0, April 3915.0, June 3970.0, Aug. 4025.0, Oct. 4080.0, Dec. 4136.0, Feb. 4190.0, April 4245.0, June 4300.0, Aug. 4355.0.

†Soyabeans—March 637½ (633¼), May 660-661 (657½), July 685-683½, Aug. 691, Sept. 699, Nov. 710½-712, Jan. 729, March 747.

‖Soyabean Meal—March 172.00-172.50 (171.50), May 180.00-179.80 (179.40), July 188.80-186.80, Aug. 189.70-188.30, Sept. 192.00, Oct. 194.50, Dec. 198.80-199.00, Jan. 201.00-201.30, March 206.50-207.00.

Soyabean Oil—March 22.48-22.50 (22.58), May 23.20-23.15 (23.32), July 23.70, Aug. 24.00-24.05, Sept. 24.30-24.35, Oct. 24.55-24.60, Dec. 24.95, Jan. 25.10-25.16, March 25.45-25.55, May 25.80.

†Wheat—March 433 (433½), May 446½-446 (447¼), July 451-452, Sept. 462½-462, Dec. 477, March 492.

WINNIPEG, March 3. §Barley—March 109.00 (108.30), May 111.80 (111.80), July 114.40, Oct. 111.50, Dec. 110.50.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 220.50 (223.06).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen.

EUROPEAN MARKETS

ROTTERDAM, March 3.

Wheat—U.S. No. 2 Red Winter April $197. U.S. No. 2 Northern Spring, 14 per cent, March $203, April-May $198, May $198, June $200, July $200, Aug. $203, Sept. $205, Oct. $208, Nov. $212, Dec. $218. Rest unquoted.

Maize—U.S. No. 3 Corn Yellow March $135.50, April $135.50 traded, afloat $135.50, March $136, April-June $137.25, July-Sept. $142.75, Oct.-Dec. $147.50, Jan.-March $155 sellers.

Soyabeans—U.S. Two Yellow Gulfports afloat $268, March $265, April $268.50, May $272, June $277, July $279.50, Aug. $282.75, Sept. $286.75, Oct. $288.75, Nov. $288.25, Dec. $295, Jan. $298.75, Feb. $305.50, March $308. Brazil Yellow Faq. unquoted. Argentine unquoted.

Soyameal—44 per cent protein U.S. afloat $289, Feb. $228, March $277.50, April-May $299.50, April-Sept. $233.50, Nov.-March $252. Brazil Pellets March $240, April-May $235.50, April-Sept. $240.50, Nov.-March $250.

PARIS, March 3.

Cocoa (FFr per 100 kilos)—March 1280-1300, May 1305-1310, July 1315, Sept. 1335-1365, Dec. 1355-1375, March 1362-1378. Sales at call 1.

Sugar (FFr per 100 kilos)—May 2680-2682, July 2690-2720, Aug. 2735-2740, Oct. 2769-2771, Nov. unquoted, Dec. 2790, March 2810, May 2820. Sales at call 7.

INDICES

FINANCIAL TIMES

Feb. 29	Feb. 28	M'nth ago	Year ago
304.58	304.27	309.32	271.75

(Base: July 1, 1952=100)

DOW JONES

Dow Jones	Feb. 29	Feb. 28	Month ago	Year ago
Spot	439.84	466.93	460.01	384.31
F'tur's	451.67	449.59	459.34	381.23

(Average 1924-25-26=100)

MOODY'S

REUTERS

Grim economic reminders serve to unsettle markets but final losses small in Gilt-edged and equities

Account Dealing Dates
Options

*First Dealings	Declarations	Last Dealings	Account Day
Feb. 11	Feb. 21	Feb. 22	Mar. 3
Feb. 25	Mar. 6	Mar. 7	Mar. 17
Mar. 10	Mar. 20	Mar. 21	Mar. 31

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The grim reminders contained in a clutch of economic projections published over the weekend, including those of the CBI and NIESR, unsettled stock markets yesterday, but not to any great extent. The trend in the two main investment sections was to lower levels, but both resisted the tendency and remained only narrowly easier throughout the day.

Anticipating that the gloomy surveys would result in loose selling, leading equity dealers defensively lowered prices at the outset. Little real pressure materialised, however, and leading shares, after easing a penny more, began to edge firmer. Although general interest was light, bid speculation prompted good individual features and once again the secondary oil market was dominant in this respect. Shell, too, moved higher ahead of Thursday's preliminary statement.

In trade after the official close, the recovery started to falter and the FT 30-share index, 2.5 down at the first calculation and showing little further deterioration at 3.00 pm, closed near the day's lowest with a loss of 3.6 at 463.5. Leading Engineerings ended with falls extending to 6, but **Lucas Industries** provided a contrasting movement, up 3 at 240p.

Still burdened by the rise in international interest rates and expectations that credit in money markets could remain tight for a while yet, Government securities moved cautiously. Sterling's early fall against the dollar presented the market with another problem but, as in equities, early selling of both short and longer-dated stocks soon petered out and a recovery set in.

Losses ranging to ¾ among mediums/longs were finally reduced to ¼ and sometimes less, while the shorts rallied even more impressively to close marginally higher in places with the exception of certain low-coupon issues. **Exchequer 13¼ per cent 1983**, the short tap stock, was a good example of the trend, changing hands at 94⅞ before ending ⅛ harder on the day at 95⅛.

Awaiting the outcome of the Rhodesian elections, Southern Rhodesian bonds improved a fraction with the 2½ per cent 1965-70 issue closing at £120. Elsewhere in Foreign Bonds, Chinese issues tended to soften and the 4½ per cent 1898 lost two points to £32.

Demand for Traded options improved and 898 contracts were completed, almost double Friday's total and well above last week's daily average of 572. Shell were active, attracting 265 trades, while Imps recorded 212 and Cons. Gold Fields 143.

Royals improve

Standing a couple of pence easier in front of the results, **Royals** picked up to close a net 7 better on balance at 342p following the better-than-expected preliminary profits. Other Composites failed to respond and closed easier for choice on lack of support. **General Accident** ended 4 off at 238p, while **Commercial Union** cheapened 3 to 137p and **Eagle Star** softened a penny to 170p. Lloyds Brokers were quietly dull with **Sedgwick Forbes** 3 lower at 97p and **C. T. Bowring** 2 easier at 134p; sentiment in the latter was still affected by fears that Marsh and McLennan's bid may be referred to the Monopolies Commission.

Home banks began the week on a dull note. Unaltered for most of the day, prices drifted lower after-hours and closing losses ranged to 7. **Barclays** declined that much to 438p as did **Midland** to 355p. Elsewhere, **Grindlays** relinquished 2 to 138p awaiting today's annual results, while **UDT** firmed that much to 56p in Hire Purchases on revived bid hopes.

Leading Breweries drifted easier for want of interest, **Allied**, 75p, **Whitbread**, 143p, and **Bass**, 223p, all giving up 2. Among regionals, **Wolverhampton and Dudley** improved 5 at 312p. Distilleries erased early falls to close a shade firmer on balance. **Highland** finished a penny better at 136p, while **Invergordon** added a like amount to 220p.

Montague L. Meyer encountered profit-taking after the recent bout of bid speculation and reacted 5 to 114p. Elsewhere in the Building sector, occasional support lifted **Aberthaw** 8 to 156p. **Brown and Jackson** rallied 5 to 175p, while **Watts Blake Bearne** were also noteworthy for a gain of 4 to 164p.

Helped by the increased dividend which accompanied annual results much in line with expectations, **Fisons** hardened 3 to 292p, while satisfactory preliminary figures left **Blagden and Noakes** 2 dearer at 122p, after 124p. Down to 394p at one stage, **ICI** rallied to close 2 cheaper on the day at 396p. Favourable Press mention stimulated buying of **Catalin** which advanced 10 to 76p.

Maple below best

Maple stood out in Stores with a rise of 6 to 31p, after 34p, following the weekend revelation that an unnamed concern is proposing to bid 30p per share for the equity. This development sparked off a fair amount of speculative activity in other secondary issues, notably **Caplnrs** which finished 16 higher at 68p with the "A" 11 up at 63p. **Foster Bros.** found support at 98p, up 6, while **Wearwell** hardened 2 to 50p. **A. C. Stanley** put on 4 to 84p but **Bolton Textile**, on news of the reduced first-half earnings, dipped a penny to 28p. Of the leaders, recent speculative favourite **Debenhams** hardened a penny to 88p on Press comment and **Gussies "A"** rose 4 to 402p. **Marks and Spencer**, however, softened a penny to 95p.

Electricals were subdued. Among the leaders, **GEC** moved narrowly before settling a few pence cheaper at 377p, while **Plessey**, third-quarter figures due on Thursday, ended a penny lower at 148p, after 151p. Elsewhere, **Ferranti**, 505p, and **United Scientific**, 457p, eased 7 apiece, while falls of 5 were marked against **Automated Security**, 260p, and **Electrocomponents**, 530p. On the other hand, revived demand lifted **Louis Newmark** 15 to 350p and **F. W. Thorpe** continued firmly at 127p, up 3.

Leading Engineers were unsettled by the rather gloomy FT Survey of Business Opinion, with **GKN**, 262p, and **Tubes**, 294p, noteworthy for falls of 6 apiece. **Vickers** eased 3 to 137p and **Hawker** 4 to 180p. Elsewhere, interest was at a fairly low ebb. **Victor Products**, however became a good feature at 164p, up 14p, in response to the increased interim dividend and profits. Favourable Press mention prompted a gain of 5 to 135p in **Desoutter Bros.**, while **Camford** hardened 2 to 70p following the full report. Buyers continued to show interest in **Amalgamated Power** which improved 3 more to 86p, but lower interim profits and the reduced dividend left **Habit Precision** a penny cheaper at 17p.

Foods were quietly mixed. **Needlers**, annual results Thursday, recovered 2½ of Friday's fall of 6½ to close at 44p, while **Hillards** added 2 more in a thin market to 164p. **Bernard Matthews** shed 5 at 310p, while **Associated Biscuit** gave up a couple of pence to 87p. **British Sugar** found support and advanced 5 to 153p, but **Tate and Lyle** eased 3 to 151p.

Unilever down

With the exception of **Pilkington**, which rose 5 to 235p in response to Press comment, the miscellaneous industrial leaders drifted lower on lack of support. Awaiting today's preliminary results, **Unilever** gave up 8 to 442p, while **Glaxo** softened 2 to 254p as did **Bowater**, to 131p. Elsewhere, recent speculative counter **Howard Tenens** were standing a few pence off at 80p when dealings were suspended prior to an announcement that a bid approach has been made. **E. Fogarty** encountered profit-taking and closed 8 off at 80p with the Deferred 10 down at 68p. Having been supported up to 194p in the early trade, **Cawoods** reacted to finish a net 2 down on balance at 186p, while **BTR** dipped 7 to 330p and **Dalgety** declined 4 to 283p. Still reflecting the recent good third-quarter figures, **Johnson Matthey** rose 10 afresh to 300p and **Wilkinson Match** gained 8 more to 157p on continued hopes of an American bid. Investment demand left **Vinten** 6 up at 150p and **PMA** 4 dearer at 70p.

Motor Distributors began the second leg of the Account with a firmer appearance. Recent speculative favourites **Caffyns** and **Appleyard** both added 2 to 194p and 84p respectively, while **Henlys** picked up a similar amount to 96p. **British Car Auctions** firmed a fraction to 72p after Press comment, while **Kennings** added 1½ to 66p despite the chairman's discouraging comments on current trading. Components were mixed: **Lucas** rose 3 to 240p, but **Dowty** shed that amount to 179p, while **Dunlop** lost the turn to 65p.

Friday's approach to London and Provincial from Reed International prompted good sympathetic support for other poster advertising concerns. **More O'Ferrall** rose 12 to 122p, while **Mills and Allen** closed 18 better at a 1979-80 peak of 310p. In Papers, **Ault and Wiborg** improved a couple of pence to 50p; the preliminary results are expected on Friday. Newspapers turned easier, **Associated** giving up 6 to 300p and **International Thomson** ending 8 down at 487p.

Properties continued to make modest progress but the volume of business was small. **Peachey** gained 4 to 140p, **MEPC** 3 to 212p and **Land Securities** a couple of pence to 308p.

Oils volatile

Oil shares passed a rather volatile session. Nevertheless, after occasional bouts of profit-taking, final quotations were no worse than mixed and undertone reasonably steady. Weekend Press mention stimulated further demand for **Viking Oil** which closed 60 higher at 990p and for **Kenmare**, 32 to the good at 102p. **Siebens** fell to 912p before staging a partial rally to close 12 lower on balance at 918p, while **Ultramar** finished only 6 cheaper at 520p, after 514p. **Weeks Petroleum** advanced 20 to 410p, but interest in last week's newcomer, **Berkeley Exploration**, down 5 at 123p, tailed off considerably. Among the leaders, **Shell** made headway awaiting Thursday's preliminary figures and closed 6 firmer at 406p.

In Trusts, **Atlantic Assets**, firm of late on reflection of the company's North Sea oil interests, met with profit-taking and eased 4 to 180p. Still reflecting the bid approach, **Stanhope General** improved 15 more to 200p.

Among firmer Shippings, speculative support continued for **Furness Withy**, 10 up at 390p, while the chairman's statement outlining the company's future helped **Milford Docks** to a rise of 5 at 140p.

Quiet mines

Mining market began the week in subdued fashion. South African Golds drifted lower throughout the day on modest selling and lack of interest prompted by the $3 fall in the bullion price to $637.50.

The uncertain outcome to the Rhodesian general election also affected sentiment in the sector. The Gold Mines index gave up 2.5 to 375.4, its first loss in five trading days.

Among the heavyweights, falls ranged to around ¾ as in **East Driefontein**, £12¼, **Vaal Reefs**, £30¾, and **Western Deep**, £19¾.

Little interest was shown in the cheaper-priced issues with the notable exception of **West Rand Consolidated** which attracted heavy Johannesburg, London and Paris interest to close 58 firmer at a 1979-80 high at 432p.

Financials mirrored the trend in Golds. Among the London stocks, **Gold Fields** ended unchanged at 532p in front of tomorrow's half-year results. **Rio Tinto-Zinc** eased 3 to 442p reflecting the downturn in copper.

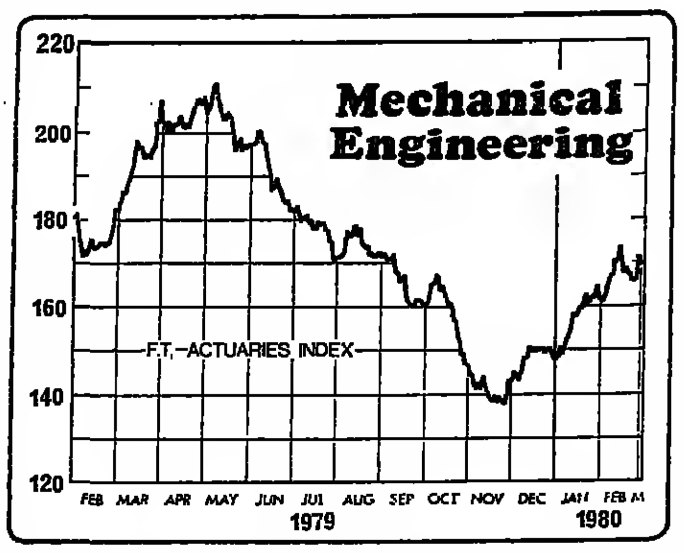
South Africans were generally lower. **Anglo American** dropped 15 to 650p, **Amgold** ½ to £40p and **Transvaal Consolidated Land** a like amount to £20. **De Beers** closed 8 *off* at 512p; annual results are expected next week.

In Platinums, **Impala** responded to overseas support with a gain of 5 to a 1979-80 high of 345p but **Rustenburg** and **Lydenburg** met selling which left the latter 4 cheaper at 174p and the former 10 down at 270p. Coppers were generally a shade firmer with **Messina** 2 up at a high of 235p. Rhodesians gained ground ahead of the election result, **Falcon Mines** advancing 20 to 670p and **Coronation** 5 to 395p.

Australians were quieter than of late. The uncertain trend in overnight Sydney and Melbourne markets was reflected by the lack of London interest. Exceptions, however, were **Lennard Oil**, up 13 to 118p and **Monarch Petroleum**, 5 firmer at 47p. **Pacific Copper** continued their recent speculative rise with a further gain of 10 to a 1979-80 high of 246p.

On the other hand, **BH South** dipped 15 to 225p following the results, while **Hampton Areas** gave up 10 to 330p, **North Broken Hill** 4 to 186p and **Western Mining** 3 to 247p.

Tins were featured by renewed strength in **Geevor Tin**, which put on 5 to a high of 230p, reflecting the recent sharp rise in tin prices in London and Penang.



FINANCIAL TIMES STOCK INDICES

—	Mar. 3	Feb. 29	Feb. 28	Feb. 27	Feb. 26	Feb. 25	A year ago
Government Secs.	64.80	64.90	65.34	65.31	66.66	65.69	71.57
Fixed Interest	65.26	65.98	66.07	66.00	68.46	66.46	72.25
Industrial	463.5	467.1	469.1	460.4	463.6	463.7	484.6
Gold Mines	375.4	377.9	372.0	351.0	347.7	341.5	161.2
Ord. Div. Yield	7.26	7.21	7.07	7.19	7.31	7.31	5.79
Earnings Yld. % (full)	17.66	17.48	17.39	17.69	17.97	17.98	16.13
P/E Ratio (net) (*)	6.88	7.05	7.05	6.93	6.92	6.81	8.57
Total bargains	22,075	20,085	21,039	18,868	18,884	17,600	—
Equity turnover £m	—	114.63	121.15	154.65	99.40	89.56	133.58
Equity bargains total	—	16,307	16,477	16,089	14,010	14,636	20,787

10 am 464.6. 11 am 464.8. Noon 463.6. 1 pm 463.4.
2 pm 464.3. 3 pm 464.4.

Latest Index 01-246 8026.

*Nil =6.71.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1979/80 High	1979/80 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	75.91 (4/6)	63.30 (10/12)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	77.76 (5/5)	64.06 (16/11)	150.4 (28/11/47)	50.65 (3/1/75)
Ind. Ord.	558.6 (4/5)	406.3 (15/11)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	577.9 (29/2/80)	129.9 (17/4)	442.5 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 3	Feb. 29
—Daily		
Gilt Edged	165.9	114.5
Industrials	113.6	116.6
Speculative	47.8	61.4
Totals	87.1	82.6
5-d'y Av'r'ge		
Gilt Edged	121.0	114.4
Industrials	116.3	115.2
Speculative	52.2	54.7
Totals	83.4	82.8

NEW HIGHS AND LOWS FOR 1979/80

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1979-80.

NEW HIGHS (54)

CANADIANS (3)
Bow Valley — Hudsons Bay Oil Gas — Gull Oil of Canada

BANKS (2)
Brown Shipley — U.D.T.

BUILDINGS (2)
Aberthaw Cement — H.A.T.

CHEMICALS (1)
Rentokil

STORES (1)
Maple

ELECTRICALS (2)
Decca — Thorpe (F. W.)

ENGINEERING (2)
British Steam — Victor Products

FOODS (1)
Unigate

INDUSTRIALS (7)
Aeronautical Genl. — Gripperrods — Broken Hill Prop. — Hunting Assoc. — Cawoods — Johnson Matthey — Granada A

INSURANCE (1)
Sun Life

MOTORS (1)
Plaxton's

PAPER (3)
Ferry Pickering — Waddingtons — Mills & Allen

PROPERTY (8)
Allied London — Lond. & Prov. Shop — Apex Props. — MEPC — Bradford Prop. — Mucklow (A. & J.) — Green (R.) — Warner Estate

TRUSTS (3)
Channel Islands Inc. — Viking Resources — Stanhope Gen.

OIL & GAS (4)
Ranger Oil — Shell Transport — Sceptre Resources — Viking Oil

TEAS (1)
Assam Invs.

MINES (12)
West Rand — U.C. Invs. — Bracken — Impala Plat. — E.R.G.O. — Pacific Copper — Leslie — Amal. Nigeria — Zandpan — Geevor — Gold Fields S.A. — Messina

NEW LOWS (9)

BRITISH FUNDS (1)
Treasury 14pc 1996 (£20 paid)

AMERICANS (1)
City Inv. Com. Pf.

BANKS (1)
Algemene

STORES (1)
Readicut

INDUSTRIALS (2)
Horvic Secs. — Unilever N.V.

LEISURE (1)
Boosey & Hawkes

NEWSPAPERS (1)
Wilson Brothers

PROPERTY (1)
Raglan Prop.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	17	58	15
Corpns., Dom. and Foreign Bonds	4	22	48
Industrials	211	282	889
Financial and Prop.	76	123	296
Oils	13	10	14
Plantations	4	3	21
Mines	43	58	49
Others	63	23	70
Totals	437	502	1,405

LONDON TRADED OPTIONS

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	500	109	10	—	—	—	—	399p
BP	350	66	3	—	—	—	—	"
BP	375	37	13	—	—	—	—	"
BP	390	—	—	53	18	69	—	"
BP	400	25	22	—	—	—	—	"
BP	440	13	9	—	—	—	—	"
Com. Union	140	6	—	11	5	17	—	158p
Com. Union	160	2	5	5	37	11	—	"
Cons. Gold	420	116	1	136	—	—	—	532p
Cons. Gold	460	76	2	104	8	128	—	"
Cons. Gold	500	46	50	78	—	98	—	"
Cons. Gold	550	20	82	50	—	66	—	"
GEC	420	6	4	—	—	—	—	377p
Grand Met.	140	6	—	10½	1	16	—	134p
Grand Met.	160	1½	10	5	25	—	—	"
ICI	360	38	20	60	—	71	—	396p
ICI	390	19	2	36	—	60	—	"
ICI	420	9	5	25	—	37	—	"
Land Secs.	300	33	1	36	6	48	—	306p
Land Secs.	330	9½	27	19	6	—	—	"
Marks & Sp.	100	8	—	8½	23	13	—	96p
Shell	330	80	7	96	—	—	—	406p
Shell	360	50	56	70	6	85	—	"
Shell	390	29	65	49	2	62	1	"
Shell	420	16	94	30	29	42	2	"
Totals			485		161		9	
		May		August		November		
Imperial Gp.	90	4½	—	6	87	[illegible]	—	77p
Imperial Gp.	90	1½	125	2½	—	[illegible]	—	"
Racal Elec.	200	35	10	46	—	—	—	227p
Racal Elec.	240	10½	15	21	7	—	—	"
RTZ	390	76	1	98	—	—	—	459p
RTZ	500	16	—	37	—	—	—	"
Total			149		94			

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon., Mar. 3, 1980 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri., Feb. 29 Index No.	Thurs., Feb. 28 Index No.	Wed., Feb. 27 Index No.	Tues., Feb. 26 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	247.47	-0.5	17.72	6.34	7.11	248.75	247.78	244.84	241.43	243.15
2	Building Materials (27)	242.68	-0.1	16.36	6.47	7.80	242.90	243.26	239.61	234.31	217.03
3	Contracting, Construction (29)	375.56	-0.5	25.25	6.48	4.92	377.28	374.57	369.42	364.94	361.51
4	Electricals (15)	633.91	-0.5	12.73	3.91	10.47	637.27	632.87	632.35	626.27	584.42
5	Engineering Contractors (11)	297.96	-0.2	24.85	8.59	5.12	298.58	294.92	293.63	292.16	374.50
6	Mechanical Engineering (74)	169.27	-0.9	20.29	7.71	6.11	170.81	171.38	167.96	166.09	186.49
8	Metals and Metal Forming (16)	170.43	-0.5	20.42	9.09	5.82	171.28	168.62	165.30	161.80	165.53
	CONSUMER GOODS										
11	(DURABLE) (50)	226.35	—	15.70	5.40	7.81	226.32	225.66	223.19	220.47	221.19
12	Lt. Electronics, Radio, TV (15)	322.21	—	11.94	4.00	10.75	322.08	320.19	316.51	311.97	292.65
13	Household Goods (14)	111.21	-1.0	27.42	9.86	4.36	112.31	112.24	110.90	108.79	159.47
14	Motors and Distributors (21)	112.10	+0.1	23.78	9.31	4.94	111.93	112.46	111.43	110.89	119.86
	CONSUMER GOODS										
21	(NON-DURABLE) (173)	224.22	-0.4	18.07	6.80	6.82	225.11	225.12	222.54	220.86	225.02
22	Breweries (14)	270.10	-1.0	10.54	6.46	7.10	272.87	271.76	268.43	268.34	238.75
23	Wines and Spirits (6)	303.71	-0.3	17.87	6.10	6.91	304.69	304.29	296.73	293.41	318.07
24	Entertainment, Catering (17)	308.64	+0.1	17.95	6.80	6.96	308.27	307.55	301.81	298.34	299.04
25	Food Manufacturing (19)	199.41	-0.9	20.46	7.31	6.04	201.30	202.10	200.37	199.93	212.80
26	Food Retailing (15)	306.69	-0.1	13.54	4.89	8.82	306.96	309.43	306.58	304.00	257.41
32	Newspapers, Publishing (13)	441.92	-0.5	22.84	6.80	5.98	444.11	444.77	444.73	444.42	403.15
33	Packaging and Paper (15)	131.83	-0.6	22.60	8.62	5.69	132.63	132.69	131.29	130.67	143.99
34	Stores (43)	226.87	-0.1	13.56	5.02	9.53	227.12	226.56	223.55	220.59	209.64
35	Textiles (24)	130.98	-1.0	27.51	11.71	4.60	132.24	131.96	130.38	129.78	178.57
36	Tobaccos (3)	207.13	-0.1	28.11	11.36	4.04	207.23	207.81	207.99	207.09	262.78
37	Toys and Games (5)	37.30	-1.1	40.32	13.61	3.05	37.70	38.55	38.84	38.76	93.58
41	OTHER GROUPS (97)	212.69	-0.2	14.95	6.76	8.10	213.21	212.89	209.82	208.87	207.65
42	Chemicals (17)	312.38	-0.4	15.73	7.56	7.34	313.74	315.59	309.20	307.56	298.18
43	Pharmaceutical Products (7)	216.02	-0.2	11.79	5.92	10.35	216.54	215.25	211.74	212.05	255.64
44	Office Equipment (6)	122.65	-0.3	17.24	6.66	6.75	123.06	122.34	120.31	118.63	136.79
45	Shipping (10)	489.47	-0.2	10.81	6.60	11.80	490.24	487.76	481.91	477.97	414.65
46	Miscellaneous (57)	250.85	-0.1	16.07	6.45	7.89	251.00	249.75	247.78	246.75	225.71
49	INDUSTRIAL GROUP (492)	234.73	-0.4	17.05	6.57	7.24	235.58	235.21	232.33	230.29	232.23
51	Oils (8)	834.75	+0.5	13.46	5.73	8.03	830.82	821.81	823.84	805.42	589.82
59	500 SHARE INDEX	281.96	-0.2	16.25	6.38	7.40	282.45	281.43	278.90	275.60	261.48
61	FINANCIAL GROUP (117)	199.37	-0.5	—	5.74	—	200.28	200.17	198.32	197.05	187.84
62	Banks (6)	224.60	-1.1	38.84	6.35	3.17	226.60	228.69	228.48	227.77	227.66
63	Discount Houses (10)	215.98	+0.1	—	9.24	—	215.86	213.44	226.02	223.56	236.74
64	Hire Purchase (5)	188.41	-0.1	17.65	5.05	7.38	188.61	189.10	185.49	185.35	174.24
65	Insurance (Life) (10)	175.42	-0.5	—	6.00	—	176.26	177.53	176.62	172.02	138.39
66	Insurance (Composite) (9)	128.04	-0.4	—	7.68	—	128.61	129.08	126.28	126.26	130.88
67	Insurance Brokers (10)	287.11	-1.0	17.17	6.83	8.37	291.84	292.75	290.61	287.64	317.93
68	Merchant Banks (14)	105.44	-0.3	—	5.74	—	105.71	104.74	104.38	103.60	83.90
69	Property (44)	380.83	+0.4	3.52	2.90	40.74	379.40	373.60	367.90	365.63	325.58
70	Miscellaneous (9)	132.76	—	15.65	6.84	8.39	132.73	131.82	131.69	131.26	118.55
71	Investment Trusts (109)	226.60	-0.4	—	5.71	—	227.63	226.22	224.47	223.66	216.44
81	Mining Finance (4)	218.95	-0.3	10.53	4.04	11.53	219.65	219.45	217.13	217.89	123.93
91	Overseas Traders (20)	421.99	+0.7	12.01	6.38	10.20	418.95	417.66	414.82	407.84	346.53
99	ALL-SHARE INDEX (750)	263.23	-0.2	—	6.16	—	263.81	262.93	260.62	257.97	241.57

FIXED INTEREST PRICE INDICES

	British Government	Mon., Mar. 3	Day's change %	xd adj. today	xd adj. 1980 to date
1	Under 5 years	99.86	+0.10	—	2.30
2	5-15 years	103.11	-0.15	0.09	2.09
3	Over 15 years	107.32	-0.11	0.13	2.11
4	Irredeemables	123.27	-0.76	0.33	1.78
5	All stocks	103.21	-0.05	0.07	2.13

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Mon., Mar. 3	Fri., Feb. 29	Year ago (approx.)
1	Low	5 years	13.12	13.07	9.24
2	Coupons	15 years	12.94	12.90	10.91
3		25 years	12.59	12.90	11.16
4	Medium	5 years	15.10	15.09	11.71
5	Coupons	15 years	14.52	14.48	12.22
6		25 years	14.29	14.26	12.34
7	High	5 years	15.18	15.17	12.07
8	Coupons	15 years	14.85	14.80	12.73
9		25 years	14.72	14.69	12.68
10	Irredeemables		11.95	11.85	11.04

		Mon., March 3 Index No.	Mon., March 3 Yield %	Fri. Feb. 29	Thurs. Feb. 28	Wed. Feb. 27	Tues. Feb. 26	Mon. Feb. 25	Fri. Feb. 22	Thurs. Feb. 21	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	50.29	14.70	60.32	50.86	50.84	50.83	50.77	51.01	51.02	63.84
16	Investment Trust Prefs. (15)	48.15	15.79	49.15	47.69	47.89	48.09	49.09	48.22	48.58	49.80
17	Coml. and Indl. Prefs. (20)	61.50	14.65	61.44	61.50	61.63	61.65	61.65	61.58	61.58	69.78

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1979-80 high	1979-80 low
Shell Transport	25p	12	406	+6	406	278
LASMO	25p	10	525	-3	528	124
Burmah Oil	£1	8	237	-2	249	82
ICI	£1	8	396	-2	415	314
Lonrho	25p	8	108	-2	110	62
Plessey	50p	8	148	-1	151	101
Premier Cons.	5p	8	75	-1	87	15½
Ultramar	25p	8	520	-6	526	197
Cons. Gold Fields	25p	7	532	—	617	178
Furness Withy	£1	7	390	+10	400	218
Johnson Matthey	£1	7	300	+10	300	183
Allied Breweries	25p	6	75	-2	102	73
GEC	25p	6	377	-2	456	311
Imp. Cont. Gas	£1	9	746	-4	773	358
Meyer (Mont. L.)	25p	6	114	-5	120	71

OPTIONS

DEALING DATES First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 3	Mar. 14	Jun. 12	Jun. 23
Mar. 17	Mar. 28	Jun. 26	Jul. 7
Mar. 31	Apr. 11	Jul. 10	Jul. 21

For rate indications see end of Share Information Service

A reasonably active business was transacted in options with calls dealt in UDT, Lonrho, Coral Leisure, Wilkinson Match, Debenhams, Siebens (UK), Geevor Tin, House of Fraser, Charterhall, Leslie Mines, Carless Capel, W. L. Pawson, National Carbonising, BSR, Burmah, Premier Oil, Charles Clifford, Myson, Duple, Lake and Elliott, Ladbroke Warrants, Attock Petroleum, RCF and Turner and Newall. Puts were arranged in Lorraine, Harmony and Dunlop, while doubles were completed in UDT, Thorn, Leslie, Lorraine, Harmony and LRC.

RECENT ISSUES

EQUITIES

Issue Price p	Stock	Closing Price p
50	Berkeley Exploration	123
£1	Child Health Res'ch	100
120	Emess Lighting	109
10	Keep Inv. Trust 10p	71
—	Lon. Merc. Secs. Defd	99
—	Rocha Plant 10p	34

FIXED INTEREST STOCKS

Stock	Closing Price £
Aurora 3.85% Cum. Pref.	[illegible]
Brentford Chem. [illegible]	[illegible]
Felixstowe Dock 9¾% Gtd Red Pref.	[illegible]
Globe Inv. Tst. 11½% Conv Uns Ln '90-95	[illegible]
Howitt [illegible] Cum. Pref.	[illegible]
Mid Kent Water 9% Red Pref. 1985	[illegible]
Rk'm'nw'h & Uxbridge Wtr. 9% Rd Pf 1985	[illegible]

"RIGHTS" OFFERS

Stock	Closing Price p
AG9 Research	31pm
Bank of Montreal	11pm
Clarke Nickolls	[illegible]
Edwards Louis C.	[illegible]
Elson & Robbins	[illegible]
Hammerson Prop. A	840
Pancontinental	578pm
Paringa	72
Premier Cons. Oilfields	76
Rand London Gold Units	8pm

Renunciation date usually last day for dealing free of stamp duty. [illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	49.2	52.0	+0.9	1.92
Abbey Capital	37.1	40.1	+0.1	5.50
Abbey General	48.2	51.5	-0.1	5.75
Abbey Gilt & F.I. Tst.	98.8	105.1	-0.2	4.76
Abbey Income	42.3	45.4	.....	8.43
Abbey Intl. Bd. Tst.	91.1	95.4	+0.1	5.77
Abbey Inv. Tst. Fnd.	38.4	41.5	.....	5.71
Equitas Prog. Trust	71.4	77.2	+0.1	5.63

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt & Pref.	89.6	94.4xd	.....	13.35

Allied Hambro Group (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds

Allied 1st	77.5	82.9xd	-0.2	5.79
Brit. Inds. Fund	70.8	75.8	-0.1	5.94
Growth & Income	42.4	45.4	-0.1	5.55
Elect. & Ind. Dev.	39.2	41.9	+0.1	5.01
Allied Capital	79.7	85.3	-0.1	5.16
Hambro Fund	121.2	129.7	-0.2	5.67
Hambro Acc. Fund	147.9	158.3	-0.3	5.31

Income Funds

High Yield Fd.	69.9	74.8xd	-0.1	9.89
High Income	70.9	75.9xd	-0.3	7.77
A. H. Eq. Inc.	42.0	44.5xd	.....	7.77

International Funds

International	29.0	30.0xd	+0.1	3.49
Pacific Fund	47.4	50.7	-0.2	2.44
Secs. Of America	60.3	64.5	+0.6	2.17

Specialist Funds

Smaller Co.'s Fd.	49.2	52.6	+0.1	4.47
2nd Smlr. Co's Fd.	57.6	61.6xd	+0.1	4.63
Recovery Sits.	118.4	126.7	+0.1	6.12
Met. Min. & C'dty.	62.0	66.3	-0.1	4.45
Overseas Earnings	60.3	64.5	-0.2	5.27

Exempt Funds

Far East Exempt	53.2	55.3	-0.1	3.20
Smaller Co. Exempt	75.7	79.5	+0.1	4.91
U.S.A. Exempt	106.6	110.9	+0.7	3.36

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	57.7	62.2	.....	5.49

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-623 6376

Inc. Monthly Fund	155.0	165.0xd	.....	11.94

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

High Yield	44.0	47.9xd	-0.5	11.23
(Accum. Units)	72.4	78.7xd	-1.0	11.23
Extra Income Fd.	100.0	108.8	-0.5	10.66
(Accum. Units)	108.3	117.8	-0.5	10.66
High Inc. Fund	37.3	40.6xd	-0.5	11.00
(Accum. Units)	57.6	62.6xd	-0.8	11.00
(8½% W'drwl. Uts.)	48.6	52.9xd	-0.7	11.00
Preference Fund	21.7	23.6	-0.5	14.02
(Accum. Units)	38.7	42.1	-0.9	14.02
Capital Fund†	24.5	26.4	+0.1	—
Commodity Fund***	83.0	89.6	.....	3.12
(Accum. Units)	125.7	135.7	.....	3.12
(10% W'drwl.U.)	66.5	71.8	.....	3.12
Fin. & Prop. Fd.*	20.2	21.8	.....	4.98
Giants Fund	38.5	41.5	-0.5	4.11
(Accum. Units)	48.2	52.0	-0.5	4.11
Growth Fund	35.7	38.5	-0.8	2.23
(Accum. Units)	45.2	48.8	-0.8	2.23
Smaller Co's Fd*	29.8	32.4	.....	4.49
Eastern & Intl. Fd†	30.2	32.6xd	-0.4	1.00
(6% W'drwl.Uts.)	21.7	23.4	-1.2	1.00
Foreign Fund**	106.8	116.1	.....	1.50
N. Amer. & Int. Fd††	29.7	32.0	.....	1.00
Gilt & Fixed Int.*	40.2	44.1	.....	6.36
(Accum. Units)	41.2	45.2	.....	6.36

Dealings: †Tues. *Weds. ††Thurs. **Second Thurs. in month. ***Weekly dealing day Friday.

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)

[illegible]

Discretionary Unit Fund Managers
22 Blomfield St., EC2M 7AL. 01-638 4485

Disc. Inc. Feb. 22	213.0	227.2	.....	5.24

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA. 01-623 8893

Great Winchester	17.7	19.6xd	.....	7.07
Gt. Winchester O'seas	20.8	23.1xd	.....	4.78

Emson & Dudley Tst. Mngmnt. Ltd.
20, Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	76.4	82.2	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	77.6	81.6	.....	4.87

Fidelity International Management Ltd.
62-63, Queen St., London, EC4R 1AD. 01-248 4891

American	26.9	28.4	+0.4	1.00
Fixed Interest	23.2	24.6	.....	12.10
Growth + Income	29.7	31.5	+0.1	7.80
Special Sits.	30.5	32.3	.....	3.80

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	28.4	30.5	.....	2.22
Accum. Units	34.5	37.1	.....	2.22
J. Finlay High Income	33.9	36.4	.....	9.34
J. Finlay Euro. Fin.	22.4	24.1	.....	3.57
Accum. Units	27.7	29.7	.....	3.57
J. Finlay Fd. In. Tst.	32.1	34.5	.....	5.34
Accum. Units	38.7	41.7	.....	5.34

Prices on February 27. Next dealing March 5.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

American	52.4	55.6	-0.6	1.30
American Turnaround	52.8	56.3	-0.6	2.00
Capital Tst.	53.8	57.2xd	.....	4.75
(Accum. Units)	54.6	58.0	.....	4.75
Extra Income Trust	49.4	52.4	.....	10.02
Income Tst.	38.6	41.0	.....	8.12
Int. Growth Fd.	44.8	47.6	+0.2	2.11
(Accum. Units)	47.4	50.4	+0.4	2.11

Friends' Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Units	50.4	53.8	.....	4.73
Do. Accum.	69.3	74.1	.....	4.73

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Feb. 28	120.1	121.6	.....	5.13
Gross Inc. Feb. 28	77.0	77.5	.....	11.35
High Yield Feb. 28	85.4	88.4xd	.....	10.70

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16 Finsbury Circus, EC2M 7DD 01-628 8131

G.T. Cap. Income	123.0	130.8	.....	3.10
Do. Acc.	154.6	164.4	.....	3.10
G.T. Inc. Fd. Un.	184.4	196.1xd	.....	8.70
G.T. U.S. & Gen.	153.8	163.6	.....	2.20
GT Wld. Bd. Fd.	94.8	97.4	.....	5.70
G.T. Japan & Gen.	71.0	73.1	.....	2.70
♦Gt. Pens. Ex. Fd.	260.8	273.8	.....	2.40
G.T. Int'l. Fund	198.9	211.5xd	.....	2.10
G.T. Four Yds. Fd.	53.9	57.3	.....	7.60
G.T. Far East & Gen.	54.8	58.9	.....	2.50

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood. (0277) 227300

G. & A.	37.8	40.4	.....	5.15

Gartmore Fund Managers♥ (a)(g)
2 St. Mary Axe, EC3A 8BP 01-623 6114
Dealing only: 01-623 5766/5806

American Trust	30.1	32.4	-0.2	0.74
British Tst. (Acc.)	64.7	69.6	.....	4.43
Commodity Share	44.4	47.8	-0.6	2.66
Extra Income Tst.	23.9	25.7	.....	9.13
Far East Trust	35.1	37.7	-0.1	2.80
High Income Tst.	56.1	60.4xd	+0.4	10.09
Income Fund	78.7	84.7xd	.....	6.95
Ins. Agencies	£15.82	16.80	+0.07	4.32
Intl. Exempt Fd.	98.2	108.1	+0.2	6.59
Intl. Tst. (Acc.)	38.8	41.8	+0.2	0.98
Special Sits. Tst.	30.3	31.9xd	.....	2.50

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)
3 Frederick's Pl., Old Jewry, EC2 01-588 4111

Extra Income	28.7	31.2xd	+0.7	10.20
Income	43.1	46.9	.....	9.40
Accumulation	76.6	83.3	+0.2	4.00
Growth	44.8	48.8	.....	4.40
UK Mkt. Leaders	49.8	53.6	.....	4.00
Small Co's	41.5	45.3xd	.....	6.20
Technology	67.1	72.9	+0.9	3.50
Private	45.0	49.0xd	.....	4.50
Intl. Ems. & Assets	52.5	57.1	.....	2.90

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

INTERNATIONAL BANK

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

1979-80 High	Low	Stock	Price £	+ or −	Int.	Red. Yield
129	97	U.S.M.C. 9pc 1982	97	−1	9.53	—
95	81	Do. without Warrants	86½	+½	13.72	17.10

Financial

1979-80 High	Low	Stock	Price £	+ or −	Int.	Red. Yield
102¼	95	FFI 13pc 1981	96¼	......	13.44	16.05
103¼	93½	Do. 14pc '85	94½	......	14.90	15.94
96½	77½	ICFC 5½pc Deb. '80-82	80xd	......	6.96	13.04
85	69	Do. 6¼pc Db. '81-84	73	......	8.51	13.00
99	79½	Do. 10¼pc Uns. Ln. '86	84½	......	12.66	14.90
99	77	Do. 11pc Uns. Ln. '88	83½	−½	13.35	14.60
101½	80	Do. 11¼pc Uns. Ln. '90	85½	......	14.00	14.90
72½	54½	Do. 7¼pc A Db. '89-92	58½	......	12.65	14.95
69	51½	Do. 7½pc A Db. '91-94	55xd	......	15.18	14.95
72	64	Do. 9pc 'A' '91-94	65xd	......	13.85	15.00
78½	61	Do. 8¾pc Ln. '92-97	62½xd	......	14.20	14.85
102	85	Do. 12½pc Uns. Ln. 1992	86xd	......	14.53	15.00

FOREIGN BONDS & RAILS

AMERICANS

CANADIANS

BANKS AND HIRE PURCHASE

BANKS & HP—Continued

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

CHEMICALS, PLASTICS—Cont.

DRAPERY AND STORES

ELECTRICALS

ENGINEERING MACHINE TOOLS

ENGINEERING—Continued

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

FINANCIAL TIMES

PUBLISHED IN LONDON & FRANKFURT

Head Office: The Financial Times Limited, Bracken House, 10 Cannon Street, London EC4P 4BY
Telex: Editorial 8954871. Advertisements: 885033. Telegrams: Finantimo, London.
Telephone: 01-248 8000.
Frankfurt Office: The Financial Times (Europe) Ltd., Frankenallee 68-72, 6000 Frankfurt-am-Main 1.
Telex: Editorial 416052. Commercial 416193. Telephone: Editorial 7598 234. Commercial 7598 1.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Amsterdam: P.O. Box 1296, Amsterdam-C. Telex 16527 Tel: 276 796

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922

Bonn: Presshaus 11/104 Heussallee 2-10. Telex 8869542 Tel: 210039

Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037

Cairo: P.O. Box 2040. Tel: 938510

Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321

Edinburgh: 37 George Street. Telex: 72484 Tel: 031-226 4120

Frankfurt: Frankenallee 71-81 Telex: 416052 Tel: 7598 234

Johannesburg: P.O. Box 2128 Telex 8-6257 Tel: 838-7545

Lisbon: Praca de Alegria 58-1D, Lisbon 2. Telex: 12533 Tel: 362 508

Madrid: Espronceda 32, Madrid 3. Tel: 441 6772

Manchester: Queen's House, Queen Street. Telex: 666813 Tel: 061-834 9381

Mexico: Paseo de la Reforma 122-10, Mexico 6DF. Tel: 53513-68

Moscow: Kutuzovsky 14, Apartment 1, Moscow. Telex: 7900 Tel: 243 1635

New York: 75 Rockefeller Plaza, N.Y. 10019. Telex: 66390 Tel: (212) 541 4625

Paris: 36 Rue du Sentier, 75002. Telex: 220044 Tel: 236.57.43

Rome: Via della Mercede 55. Telex: 610032 Tel: 678 3314

Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88

Tehran: P.O. Box 11-1879. Telex 213930 Tel: 682698

Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Fax Tel: 241 2920

Washington: 914 National Press Building, Washington D.C. 20045 Telex 440340 Tel: (202) 47 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338658 Tel: 021-454 0922

Edinburgh: 37 George Street, Telex: 72484 Tel: 031-226 4139

Leeds: Permanent House, The Headrow. Tel: 0532 454969

Manchester: Queen's House, Queen Street. Telex 666813 Tel: 061-834 9381

Frankfurt: Frankenallee 68-72 Telex: 416193 Tel: 7598 1

New York: 75 Rockefeller Plaza, N.Y. 10019 Telex 238409 Tel: (212) 489 8300

Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01

Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

Overseas advertisement representatives in Central and South America, Africa, the Middle East, Asia and the Far East.
For further details, please contact:
Overseas Advertisement Department,
Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription departments—Financial Times in London, Frankfurt and New York

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

FINANCE, LAND—Continued

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

1979-80 High	Low	Stock	Price	+ or –	Div Net	Cvr	Yld Gr's
235	56	Messina R0.50	235	+2	Q10c	ϕ	2.4

MISCELLANEOUS

1979-80 High	Low	Stock	Price	+ or –	Div Net	Cvr	Yld Gr's
160	78½	Anglo-Dominion	158	+2	—	—	—
97	54	Barymin	94	+2	—	—	—
14½	10	Burma Mines 17½p	14	–½	—	—	—
502	170	Cons. Murch. 10c.	490	+10	Q100c	ϕ	11.7
585	280	Northgate C$1	490	—	—	—	—
492	226	R.T.Z.	442	–3	†11.5	3.4	3.7
31	12	Robert Mines	26	+2	—	—	—
65	26	Sabina Inds. C$1	50	+5	—	—	—
880	470	Tara Exptn. $1	625	+5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- †† Unlisted security.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- $ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✤ Regional price.
- || No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

"Recent Issues" and "Rights" Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

REGIONAL MARKETS

IRISH

OPTIONS

3-month Call Rates

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL & GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

FINANCIAL TIMES

Tuesday March 4 1980

Leyland gives new lorry £1m send-off

By Kenneth Gooding, Motor Industry Correspondent

THE BIGGEST launch for a truck range ever seen in the UK begins today for Leyland Vehicles' T45 lorries. The company is spending well over £1m on the send-off.

Leyland justifies the expenditure by pointing out that it is not just launching a truck range but "rebuilding the image of the company."

It wants to put over the message quickly to 4m people in the UK truck and transport industries, including 145,000 fleet operators and 500,000 drivers.

The much delayed launch includes a national television campaign, unusual among truck makers.

The T45 models will cover weight ranges above 16 tons. The first, launched today, is a 38-40 ton tractive unit named Roadtrain, the main model of the range. Four more models will be introduced this year, taking the range down to 24 tons, and by the end of 1982 all the T45s should be on the road.

It has also been announced that Roadtrain has won one of the Design Council Awards to the motor industry this year.

Although often referred to as Leyland's "trucks for Europe," the T45 range will not be introduced on the Continent until 1982. Its first target is to reclaim some of Leyland's lost market share in the UK.

Leyland is incorporating many existing components in the T45 models but they have a completely new cab system based on a modular design to cover trucks from 6.5 tons to 200 tons.

Assembly time has been cut to half of that for the truck which Roadtrain is replacing, the Marathon.

The T45 range will be assembled at a new £32m plant at Leyland, Lancashire, where output will be stepped up to 100 a month from this month.

Already, 242 Roadtrains are with dealers, because Leyland insisted they be fully available on launch date. By contrast the Marathon launch in 1973 saw only 10 of the vehicles available at dealers.

Before the Roadtrain launch, Leyland spent £3m on special test equipment for the range: 30 prototype vehicles have covered more than 1m miles of test running, and 20 trucks have covered more than 500,000 miles in fleet evaluation trials with selected UK operators.

From the results of this, Leyland claims Roadtrain has a life expectancy of at least eight years or 750,000 miles.

Details, Page 7

Power pay offer of 10% likely

BY PAULINE CLARK, LABOUR STAFF

BRITAIN'S 96,000 power workers are likely to be offered only about 10 per cent on basic pay in negotiations due to start on Thursday.

Talks will take place against the background of an expected loss this year by the Central Electricity Generating Board, which has already started a major cost-cutting exercise throughout its regions and divisions.

Although probable improvements in shift pay and travel allowances will add something to the total value of the proposals, moderate shop-floor leaders in the industry are said to be preparing to react vigorously against any offer that falls far short of the rate of inflation.

Trade union leaders have not yet produced a detailed claim, but power workers are known to be hoping for a settlement of around 20 per cent.

Any offer amounting to less than half the 20 per cent given to coal miners, to whom power workers have been traditionally compared in the past, could lead to prolonged difficulties.

Union leaders and their members will have taken notice of other settlements in the public sector, where 1.1m council workers received 14 per cent and water workers 21.4 per cent. Gas workers have rejected 15 to 18 per cent.

One member of the power workers' unofficial shop stewards' committee said: "Even the moderates among us are disgusted by the prospect of such an offer."

Whether the most industrially powerful group in the country would be prepared to take action this year is not certain.

The two biggest unions in the industry, the Electrical and Plumbing Trades and the General and Municipal Workers, have given a moderate lead in the past, and members have not forgotten the disarray that resulted from the last unofficial industrial action taken in the industry during the autumn of 1977.

Power workers have already been dismayed by visible signs of the CEGB's financial difficulties. The ban on recruitment from outside, for instance, has shocked shop-floor leaders who have been surprised by the industry's plight.

Against this, however, the power workers—like the steelmen—will feel anger at any suggestion that they should suffer because of a decline in fortune which they feel is not of their own making.

Brussels hesitates on cash for BSC retire-at-50 plan

BY ROY HODSON

PROSPECTS of an early agreement by the Brussels Commission to provide financial backing for British Steel Corporation workers to retire at 50 now look poor.

British Steel and the Government believe such a scheme could help secure an early end to the steel strike, which is entering its third month.

Mr. Henk Vredeling, the European Social Affairs Commissioner, was non-committal yesterday when British Steel executives put to him an outline scheme for early retirement of up to a third of the corporation's workforce with golden handshakes and index-linked pensions.

The British Steel team, led by Mr. Bob Scholey, the chief executive, also met Viscount Davignon, who is confined at home with influenza.

Mr. Vredeling wants the British Government to state exactly how much of British Steel's £450m cash limit for 1980-81, as set by Sir Keith Joseph, the Industry Secretary, will be made available to help support an early retirement scheme.

Mr. Vredeling will discuss the question today in Brussels with Mr. Adam Butler, the Minister responsible for steel at the Industry Department, and again on Thursday, when he visits London for talks with Mr. Len Murray, TUC general secretary.

The strict cash regime at present imposed on British Steel specifies that the £450m borrowing should be divided, as directed by the Government, between new investment, working capital and funding closures and redundancies. Under present Government policies, only a small proportion of the £450m is earmarked for redundancies.

British Steel is proposing early retirement opportunities for all employees aged over 50. As about a third of its 180,000 mainstream iron and steel workforce would be eligible, the scheme could make a major contribution to achieving the planned restructuring of British Steel, to a 15m-tonne-a-year industry employing about 100,000.

The Government is unlikely to support early retirement at such a low age. Ministers are convinced it would be too expensive, even with European assistance. Initial golden handshakes would cost £300m to £500m and the index-linked pensions would be a burden to the State for many years and to the EEC if it contributed.

The feeling in Whitehall is that it will be more realistic for the Government to seek EEC support for early retirement of steelworkers aged 53 to 55. The corporation already offers early retirement at 55.

Our Labour Editor writes: Prospects for mediation in the steel strike may be discussed tomorrow at a delegate conference of steel unions in London.

The conference has been called to examine ways to intensify industrial action against British Steel. The principal unions involved believe the corporation and the Government want a fight to the finish.

But all the trade unions with national recognition in the industry have asked to be included in the debate. This suggests avenues for settlement will be high on the conference agenda.

Iron and Steel Trades Confederation officials are privately canvassing names of a suitable candidate to be called in to identify common ground between the unions and management.

Meanwhile, steelworkers are being encouraged by national newspaper advertisements placed by British Steel to reply to its ballot on their willingness to take part in a second ballot on the corporation's "final" 14.4 per cent pay offer.

Papers are due to be returned by Saturday and the result announced on Monday.

The ISTC, the main steel union, appears convinced British Steel's ballot will be inconclusive. It has instructed its members to spoil their papers.

More steel dispute news Page 10

Millwall and India Docks to close

By William Hall, Shipping Correspondent

THE FINANCIALLY crippled Port of London Authority has abandoned its plans to maintain both London's upper dock systems in operation. It announced yesterday that it was transferring its cargo handling operations out of the India and Millwall Docks, keeping just the Royal Docks, the other upper dock system, open. The move will mean the loss of about 500 jobs and help the authority meet the strict financial target the Government has set for it.

At the end of January, the authority warned that unless more progress was made on planned staffing reductions—it had hoped to shed 1,193 jobs in 1979-80 and a further 400 and 500 between 1980 and 1983—and improvements in working practices, it would have to reconsider its plan to keep both the loss-making upper dock systems open.

Since then, here has been a two-week strike over pay, which cost the authority about £2m, and there have been few improvements in guidelines for working practices. So far this year the authority has lost £4m.

The authority said yesterday that the combined result was that it could not continue to operate both the upriver dock systems and hope to stay within the strict cash limits imposed by the Government.

Traffic displaced from the India and Millwall Docks will be relocated in the Royal Docks and Tilbury Docks as soon as possible. About 1,200 people will be affected by the move, but the authority will redeploy about 700 of these.

The traffic of tenants in the India and Millwall Docks—companies such as Ranks Hovis McDougall and timber importers Montague Meyer, which rent space from the PLA for their own operations—and the authority's bulk wine operation will not be affected by the move.

Hadfields claim picket damages

HADFIELDS, the private steel company, has presented the police with a bill for damage caused at a mass picket on February 14. Lawyers acting for the Sheffield-based company filed the claim under the Riot Damages Act of 1886.

Members of South Yorkshire's county police authority were given the details at a meeting yesterday. Mr. Derek Norton, Hadfield's managing director, confirmed a claim had been made, but refused to discuss it or to disclose the amount.

It is understood that the bill includes elements for damage to property, loss of profits and theft of property during a picket of about 1,500 steel workers. If the claim succeeds, ratepayers will have to foot the bill.

Mr. Norton said he expected the issue to be decided in court. Councillor George Moores, police authority chairman, refused to comment.

The claim follows a picket held at Hadfields when Iron and Steel Trades Confederation members there reported for work on February 14 in defiance of their national executive, which had called out its members in the private sector in support of BSC strikers.

At one point 1,500 pickets faced 700 police and there were 22 arrests. Hadfields workers rejoined the strike after the mass picket, but later claimed they had been threatened and intimidated.

Since then, Hadfields workers, along with others in the private sector, have returned to work. Mass picketing has not so far been resumed.

Weather

UK TODAY

MOSTLY dry and cloudy with sunny periods. Rain spreading from West later.

London, S., N.W., N.E. England, Wales

Dry and sunny after early frost. Max. 9C (48F).

E. Anglia, Isle of Man, Lake District, S., S.W. Scotland

Dry and cloudy. Frost at first. Max. 8C (46F).

Cent. Highlands, N.E. Scotland, Orkney, Shetland

Mainly cloudy. Brighter later. Max. 7C (46F).

W., N.W. Scotland, N. Ireland

Cloudy, with sunny intervals. Rain later. Max 8C (46F).

Outlook: Unsettled.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	12	54	Lisbon	C	9	48
Algiers	F	19	66	Locarno	S	12	54
Amsdm.	F	5	41	London	F	6	43
Athens	F	15	59	Luxmbg.	C	3	37
Bahrain	S	21	70	Luxor	S	18	64
Barclna.	C	12	54	Madrid	F	12	54
Beirut	S	13	55	Majorca	F	14	57
Belfast	C	5	41	Malaga	F	17	63
Belgrd.	R	3	37	Malta	S	16	61
Berlin	F	−1	30	M'chstr.	S	4	39
Biarritz	C	9	48	Melbne	F	21	70
Bmghm.	F	4	39	Mex C.	S	20	68
Blackpl.	S	5	41	Milan	S	14	57
Bordx.	C	8	46	Mntreal.	C	−14	7
Boulgn.	C	4	39	Moscow	Sn	−4	25
Bristol	S	7	45	Munich	F	1	34
Brussels	C	5	41	Nairobi	S	23	73
Budpst.	F	4	39	Naples	F	13	55
B. Aires	S	27	80	Nwcstl.	F	2	36
Cairo	S	16	61	N. York	S	−2	28
Cardiff	C	5	41	Nice	F	14	57
Cas'b'ca	C	16	61	Oporto	C	13	55
Cape T.	S	24	75	Oslo	S	1	34
Chicago	C	4	25	Paris	C	5	41
Cologne	F	3	37	Perth	C	26	79
Cophg.n	F	0	32	Prague	F	−1	30
Corfu	C	15	59	Reykjvk.	R	7	45
Dublin	C	6	43	Rhodes	S	13	55
Dbrvnk.	C	12	54	Rio J'o	S	32	90
Ednbgh.	F	5	41	Rome	C	14	57
Faro	C	14	57	Salzbrg.	C	0	32
Florence	C	14	57	Singapr.	S	31	87
Frankft.	F	4	39	Stckhm	F	−4	25
Funchal	R	15	59	Strasbg.	S	5	41
Geneva	C	6	43	Sydney	F	29	84
Gibrltr	F	16	61	Tangier	F	17	63
Glasgow	S	5	41	Tehran	S	7	44
G'rnsey	C	6	43	Tel Aviv	F	14	57
Helsinki	Sn	−6	21	Tenerife	F	14	57
H. Kong	C	18	64	Tokyo	C	5	41
Innsbrk.	Sn	3	37	Toronto	S	−7	19
Invrnss	C	3	37	Tunis	S	20	68
I.o.Man	C	6	43	Valencia	S	16	61
Istanbul	C	8	46	Venice	F	10	50
Jersey	C	7	45	Vienna	F	2	36
Jo'burg	C	23	74	Warsaw	C	−3	27
L. Plms.	F	19	66	Zurich	C	2	36

C—Cloudy. F—Fair. Fg—Fog. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow.

£20m offered to end lamb war

BY MARGARET VAN HATTEM IN BRUSSELS

THE EEC Commission, in an attempt to end the protracted Anglo-French lamb war and avoid further embarrassing court action against France, last night dangled a £20m bait before the protagonists.

In essence, the Commission has proposed that France drop its illegal curbs against British lamb imports immediately and that 30m ECU (£20m) be made available from the EEC farm fund and shared between the EEC's main sheep producers—France, Britain and Ireland.

The money could be used to offset any fall in French market prices caused by removal of curbs, as well as damages suffered by British producers as a result of the curbs over the past two years.

Farm Ministers will continue discussing the Commission's proposal today. But Mr. Peter Walker, the UK Minister of Agriculture, made it clear that, if the move failed, Britain would resume pressure for an immediate interim injunction against the French curbs.

"If the French do not accept our conditions and there is no agreement, the Commission will have no further excuse for not going to the (European) Court," he said.

The Commission sees the plan as an interim measure lasting until July 15. By then, it hopes, Ministers will have concluded negotiations to bring lamb into the Common Agricultural Policy.

Inspite of the plans superficial attractions, both France and Britain appear likely to find sufficient objections to ensure the dispute remains open until the EEC summit later this month. There they are expected to raise it as a bargaining card in the wider dispute over Britain's EEC budget problem.

Mr. Walker said he could acept the Commission's proposal if the French Government gave categoric assurances it would remove the curbs permanently.

But Britain should receive about half the money on offer and France should promise not to use its share for intervention buying.

But French officials indicated that these conditions were unacceptable. They wanted a safeguard if no final agreement were reached before July 15: they needd more than £10m to compensate their farmers, and some form of intervention buying would be required.

Elinor Goodman writes: In London yesterday, the Government was preparing a counter-argument to expected French claims at the Brussels summit that Britain's oil wealth undermined the case for a big reduction in its contribution to the Community Budget.

Continued from Page 1

Saudis

manpower and to restrain inflation.

On the subject of aid for developing countries, the Finance Minister said the sheer number of conflicting proposals for increasing the flow of aid from Organisation of Petroleum Exporting Countries was an obstacle to making a decision.

The kingdom would respond to ideas, he said, though its established aid record was good. "Balance-of-payments needs of developing countries will be the most urgent in the future," he said, but he pointed out that the kingdom preferred to give balance-of-payments support through multilateral institutions, like the IMF, and concentrate its own assistance on project aid dispersed through tha Saudi Fund for Development and other funds to which tha Kingdom contributes.

Civil Service pay comparability may suffer

BY ERIC SHORT

CIVIL SERVANTS should accept a significantly larger reduction in their salaries compared with those earned in comparable jobs outside the Civil Service in order to pay for their inflation-proofed pensions, the Government Actuary has recommended.

The value of the deduction as calculated by Mr. Edward Johnston, the Actuary, is understood to be 3.8 per cent against the current 2.6 per cent. Such a change would save around £40m on current salary costs and contribute to the Government's plans for reducing public expenditure.

The Civil Service pension scheme is both non-contributory and unfunded. Pension payments are made direct from taxation, with civil servants making no direct contribution to the cost. Salary levels are adjusted to allow for this feature, the task of the Government Actuary being to calculate each year the civil servants' hypothetical contribution as if the scheme were a fully funded contributory one.

This is done by comparing the cost of Civil Service pension benefits with those provided by similar occupational pension schemes, the sample for comparison being the average benefits provided by more than 450 schemes in other public services, nationalised industries and private companies.

In his calculations, the Government Actuary has to make certain assumptions on the long-term rates of investment return, salary inflation and prices inflation and apply these to both sets of benefits. Last year, he assumed that investments would yield 9 per cent, salaries would rise annually by 7½ per cent and prices by 6 per cent.

The Government Actuary was severely criticised last year by most sections of the pensions industry for totally unrealistic assumptions and on his methods of calculation. It was felt that there was an inbuilt bias towards producing a low deduction.

The report of the Government Actuary setting out his assumptions and calculations is not expected to be published before the end of next month. However, it is likely that in making his calculations he has, at least, narrowed the differentials between investment rates and inflation rates from those assumed last year.

The other adjustment made for family benefits, including widows and dependants pensions, of 4.4 per cent is not expected to change.

THE LEX COLUMN

Treating Fisons' profits wilt

After a dreadful first half, in which it suffered from the Immingham dock strike as well as the haulage dispute, Fisons clawed its way back to equilibrium in the second six months of 1979. But the full year's figures still show pre-tax profits well down, from £23.1m to £17.3m, and second half earnings were lower than in either half of 1978.

The strength of sterling has put considerable pressure on export margins—Fisons is used to pricing trouble in commodity agrochemicals and in the UK fertiliser market where it competes with ICI on an unfavourable cost basis, but now price increases in pharamaceuticals have become marginal as well. Government spending cuts hurt here and they have begun to bite in the scientific equipment division, too. Profits from this business fell sharply in the second half, and Fisons is still relying on pharmaceuticals, with a fifth of group sales, for more than half its profits.

On top of this, the interest charge rose by 39 per cent to £6.5m; after £29m of capital spending (including £11m on acquisitions) debt rose by £15m to around £90m at the end of 1979, over 60 per cent of tangible net worth. The brakes now seem to be on, and the company is budgeting for unchanged borrowings this year.

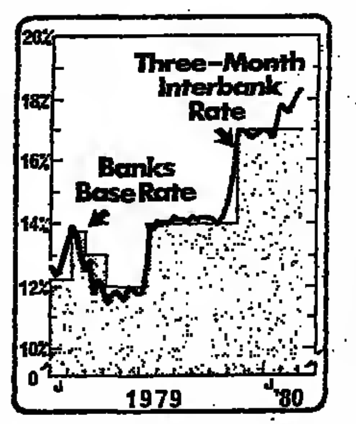
All this being said, Fisons is confident that the low point of its fortunes is past, and is actively encouraging analysts to add back the £4m costs of 1979's disruption in arriving at their forecasts. There is optimism on prices, and the weather promises good spring volume in the agricultural businesses.

Royal Ins.

Royal Insurance has moved from an underwriting profit of £25.4m in 1978 to a loss of £16.4m in 1979, and extreme weather coupled with an underlying deterioration in North America accounts for most of the setback. Weather losses worldwide are over £15m above thosa experienced in 1978 (itself not a good year) and represents nearly 3 points of the U.S. operating ratio which has climbed from 96.3 to 100.8 per cent. Canada has been badly affected by rising claims frequencies and poor auto experience. The underwriting loss here totals £14.9m, compared with a small profit 1 time.

However, an 18.6 per cent rise in the underlying rate of investment income has limited the pre-tax fall from £153m to £132m. The net dividend is up

Index fell 3.6 to 463.5



by 14½ per cent and is covered 2½ times, and there is a fair chance that pre-tax profits can be broadly maintained this year.

The U.S. performance seems bound to deteriorate, even though Royal is evidently willing to lose business rather than take it on at ridiculous rates: its premium income in dollar terms is up by less than 3 per cent. Royal believes that rate competition is not as acute as it was in 1974-75. In Canada, the group seems to have taken its punishment earlier than the competition, and is hopeful that things are not going to get a lot worse. And given a bit of luck with the weather, both the UK and parts of continental Europe could show a useful improvement.

At the same time a switch to higher coupon bonds in Canada will help to sustain the growth of investment income. The shares stand at 342p, where they yield nearly 9½ per cent, and can look for a measure of dividend growth in 1980.

Most importantly, there is a pleasing flow of new products. The agrochemical version of the pesticide bendiocarb has now been launched in France, the crucial launch of Proxicromil, the oral version of Intal, comes in 1981, and the research laboratories have more to come. But the promise is long-term—this year Fisons will do well to match 1978 profits, which leaves the shares at 292p on a prospective p/e of nearly 10, fully taxed. The 8.3 per cent yield is a consolation for the patient.

Money squeeze

Ordinarily, March would be promising some relief to the hard-pressed money markets, with the public sector swinging back into substantial seasonal deficit. Not this year, however, for the Government's schemes to raid next year's piggy-bank in order to keep down the 1979-80 PSBR are maturing. So yesterday brought extreme shortages in the market, with the oil majors paying over £700m of petroleum revenue tax, while BNOC's £500m sale of forward oil contracts is probably timed for the end of the month. Unless the authorities take further action, therefore, there is no reason to expect a substantial easing of the shortage for some weeks yet. That is distinctly awkward, given that period rates are now knocking on 18½ per cent, offering corporate treasurers ample scope for a turn on overdraft money at 18 per cent. And there are even more juicy opportunities for arbitraging in the Eurosterling market.

Nice treasurers, of course, do not succumb to the temptation to become one of their companies' dwindling number of profit centres. And even if they act strictly out of self interest, they may reason that to behave in a way which forces a rise in base rates could be counter-productive. Yet the banks are nastily exposed. A modest amount of short term round tripping this week may not be too damaging, but if the interest rate structure lasts into next week there will be a real possibility of a ballooning of eligible liabilities over make-up day, March 19.

It could be, therefore, that the Bank of England will have to intervene yet again. Not only will the scheduled repurchase of £500m of gilt-edged by the banks on March 13 have to be rolled over, but the sum will have to be increased (and reformulated if the banks do not have enough suitable securities). The relief could then be unwound through April and May as the Government at last moves back into sizeable deficit.

But the authorities are walking a monetary tightrope in seeking to avoid a rise in official money rates. The assumption is that they are just slicing a temporary hump off interest rates in a way that will have no effect on underlying monetary growth: the jargon phrase is "temporary smoothing action."

It is a gamble that could well succeed in due course. But it is unsettling to see the authorities deciding to reverse by monetary measures part of the fiscal tightening which they took such pains last autumn to reinforce. Meantime the City is restless, for market men have come to prefer short, sharp squeezes to the kind of long, dour struggle which is currently in progress.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London, EC4P 4BY.